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# BRITAIN AND AMERICA

## The Prospects of Political Coöperation in the Light of Their Paramount Interests

*By Walter Lippmann*

THE contributions of Sir Austen Chamberlain and of Mr. John W. Davis to "The Foreign Policy of the Powers"[1] present a curious contrast. The underlying assumptions and the general implications of Sir Austen's paper are that British policy is governed by clearly defined principles which promote the immediate security of the Empire and the general peace of the world. Mr. Davis, on the other hand, takes the view that America's policy because of a failure to "join the concert of nations" is no longer "adequate to preserve her peace and insure her prosperity." I should like to raise the question whether this very assumption, that the British policy is adequate and the American inadequate, is not today a serious obstacle to a meeting of minds and to the practice of coöperation by the English-speaking peoples. I believe it is. I believe that the accepted idea that America is "isolationist" and that Great Britain is a member in good standing of a concert of the Powers is an illusion which masks and then distorts the relations between Britain and America.

### I

The ideal of Anglo-American coöperation to preserve the peace of the world is supported by certain general considerations. As between Britain and America there are no disputed frontiers. There are no disputed spheres of influence in Asia, Africa, or the Americas. There is commercial rivalry in certain parts of the

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world but it does not have and does not threaten to have any serious political consequences. For neither government thinks that it could or should advance its commercial interests by political expansion and both are well aware that political stability and equal opportunity in Asia, South America and continental Europe would be more profitable than a régime of special privileges.

Neither government is interested in extending its empire. Not only does neither covet the possessions of the other, but neither covets the possessions of any other Power. In fact, both are going through a process of contracting their imperial responsibilities. The United States is withdrawing from the Philippines. It has renounced whatever ambitions it may ever have entertained to convert the Monroe Doctrine into an instrument for the domination of Latin America. It is seeking to disentangle itself from the internal affairs of the Central American countries and of the Caribbean archipelago. A corresponding process of imperial devolution is under way in the British Empire — in the recognition of the increasing autonomy of the Dominions, in the progress towards self-government in Egypt and India.

It may be said, I think, that in both countries the controlling view as to empire is that they must see to it that, as the dependent peoples become independent, they do not through weakness and misgovernment become the prey of other imperial Powers. To be sure, there are in both countries some who regard empire as profitable because it provides special privileges. But I think it is a correct reading of the facts to say that imperialism of this kind would have no decisive influence with British or American opinion today were it clearly established that the emancipated nations could really maintain their independence.

The United States has promised to leave the Philippines though there are few Americans who do not believe that eventually the Filipinos will fall under Japanese domination. The United States would undoubtedly resist today, as it has in the past, any European or Asiatic conquest or political penetration in the Western hemisphere. It would resist it, however, not to obtain the conquest for itself, but to avert the political entanglements of a new foreign imperialism close at hand. British imperial policy appears to be inspired by much the same view. In Egypt, the Near East, and in India, it is not the profits of empire but the fear of other imperial ambitions which causes the British to relax

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their hold so cautiously. Were it not for the conviction that Germany, Italy, Russia, and Japan are expanding empires, the British would be far readier to contract their empire and take the risks of self-government by the dependent peoples.

Thus Britain and America do have fundamentally the same outlook on world politics. They are not rivals. They are both concerned about the rise of imperial Powers which have ambitions that cannot be satisfied except by a profound disturbance of the existing political constitution of the world. When to this underlying community of interest there is added community of speech and tradition, it is but natural to ask why Britain and America do not stand together more effectively than they do in order to protect themselves and to preserve the peace.

II

The answer to that question is to be found, I think, by noting that while the vital interests of the two Powers are not in conflict, while in general their outlook and the desiderata of their policies are the same, their most immediately pressing needs are not identical. Because their interests are so nearly alike and yet are not identical, there is much misunderstanding due to false expectations and consequent disappointments. Their vital interests have different foci. They are threatened in different degree from different quarters. The result is that the paramount interests of one Power are only secondary interests of the other. And it is this difference in importance that makes difficult a coöperative diplomacy.

Thus the most vital of all British interests is the independence of the Low Countries. "Their frontiers," says Sir Austen, "are in fact our frontiers, their independence the condition of our independence, their safety inseparable from our own." It was to defend this interest, he adds, that Britain fought Spain in the Sixteenth Century, Napoleon in the Nineteenth Century, and Germany in the Twentieth. It was to defend this interest that Britain has been drawn out of her island isolation to guarantee the neutrality of Belgium, to undertake the commitments of Locarno, to make Mr. Stanley Baldwin's declaration of July 30, 1934, that "when you think of the defense of England, you no longer think of the chalk cliffs of Dover; you think of the Rhine," and more recently to renew the entente with France.

The British interest in European peace is focussed primarily

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upon this projection of her frontier into the Low Countries and the Rhineland. The American interest in European peace is obviously more generalized. Whereas Britain would and must engage all her forces to defend her strategic frontier in the Low Countries, it is not possible to imagine the United States making any such engagement. For the vital center of the American defense lies in another part of the world, at the Panama Canal and the approaches to the Canal. When British publicists chide the United States for its political "isolation" they usually forget that while their frontiers are in the Low Countries and the Rhine, the American frontier is on two oceans connected somewhat precariously by the Canal.

The fact that the paramount American interest is geographically so remote from the paramount British interest is sufficient to explain why the United States does not take the position of an equal partner with Great Britain in maintaining the *status quo* in Western Europe. This is now the radical difficulty of American adherence to the League. Whether it would have existed had the United States joined the League in 1920 is a question that men will differ over for a long time to come. The Covenant imposes equal obligations on all its members. But all its members do not have equal interests in all the vital matters with which the League is concerned. For a small Power this conflict between obligation and interest is not so important because not much would be expected of a small Power when it was not directly interested. But so lenient a view of its obligations would not be taken towards a great Power, and intuitively the American nation has felt this.

American opposition to membership in the League has grown stronger as the demonstration has become more conclusive that the primary concern of the League is European peace and that European peace is for the time being identified with the maintenance of the *status quo*. A disinterested membership in the League would be theoretically possible for America on the assumption that the existing frontiers of Europe were as acceptable to all concerned as are the existing frontiers between Canada and the United States. It would be theoretically possible also on the assumption of a general agreement to modify the frontiers. But in view of the fact that peace in Europe today has become identified with the maintenance of the *status quo* by superior force, the United States, when it participated in European politics, would have to choose either to enter an implied alliance with the domi-

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nant coalition or to become a disturber of the peace, such as it is, by encouraging the revisionist Powers and discouraging the coalition. This would be a dangerous entanglement in the literal sense of that ancient but pregnant phrase, and its dangers would be even less pleasant to contemplate because they had been incurred in a region where the immediate vital interests of America are not at stake. Let any Briton who thinks that this is a selfish calculation ask himself what British policy would be if by some miracle of geographic change the Straits of Dover were not twenty-one miles wide but three thousand miles wide. If he has any doubts about what the answer would be, he can find a clue to it in the foreign policy of Canada and Australia.

Next in importance to the defense of the homeland comes the defense of the British line of communications with India and the Dominions of Australia and New Zealand. This interest, as Sir Austen points out, is the primary explanation of the British concern with Egypt, Palestine, Iraq and Persia. Now it is also an American interest that British sea power should have assured access to the Pacific Ocean. But the route which passes Gibraltar and Malta, the Grecian archipelago and the Dardanelles, Suez, Arabia, the Persian Gulf, on the way to India, to Singapore and to Hong Kong is strategically inaccessible to American sea power and is obviously a British concern, not an American. The American equivalent of this British route to the East has as its focal points the Panama Canal, Hawaii, Guam, Alaska, and the Philippines.

In the Pacific and in Eastern Asia the similarity, without identity, of the British and American interests has been made very plain. Great Britain has a large economic interest in China whereas America has a relatively small one. The British, being primarily engaged in Europe, until the Washington Conference of 1921 defended their Chinese interests by an alliance with Japan. The American interest in the Far East is primarily one of concern with the growth of the Japanese imperial power. It has been defended in the past by supporting the independence and integrity of China and by the recognition of Russia as a Great Power in Eastern Asia. America, in other words, has sought for security in the Pacific by a policy which is very much like Britain's traditional method of insuring her security in Europe. She has endeavored to create a balance of powers which would restrain the Japanese and the Russians and other imperial powers

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as the British sought to restrain first the French and then the Germans. In Europe, the British policy has been sublimated and generalized at Geneva and Locarno; in Asia, the American policy has been sublimated and generalized in the Washington Treaties.

The Manchurian affair put the "collective system" to a test and the test showed that France and Britain were not prepared to uphold it outside the region of their primary interests. Their specific and vital interests in Europe prevented them from acting on behalf of their general and secondary interests in Eastern Asia. When the collective system was tested in 1931–1932, it worked precisely as Americans feared it would work. Relying upon it, the United States took a position in Asia which left it exposed, without support, and embarrassed. Britain and France held back in Asia just as the United States would hold back in Europe when faced with a similar aggression against the collective system.

III

In the light of actual experience it no longer makes much sense to discuss Anglo-American relations in such stereotyped phrases as "American isolation" and British internationalism. In the Manchurian affair, which touches the long-term vital interests of the United States, American policy was not in the least isolationist. The American Government was quite prepared to play a leading part, in fact more than an equal part, in a collective system dealing with a region that is of great importance in the future of the world. Britain and France were the isolationist Powers in that affair, and it was their guarantee not ours which could not be depended upon.

While recrimination can serve no purpose, the moral of the experience is clear and understanding will be promoted by recognizing it candidly. American isolation is one of the optical illusions of the present era. American policy is conditioned by its vital interests just as is British policy. Thus America is isolationist as to continental Europe, but it has never been and is not now isolationist in the region of the Caribbean or the Pacific Ocean. The British ardor for the League is a reflection of British interest in British security; the lack of British ardor for the collective system in the Far East is a reflection of a greater concern with European security. So it is with us. President Harding who was elected in 1920 as a result of a rebellion against the League

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signed a whole series of treaties in 1922 which applied the League's principles to the Orient. In 1931 Secretary Stimson stood forth as the protagonist of League principles and Sir John Simon did not.

It is for these reasons that I suggested at the beginning of this article that it is misleading and promotes misunderstanding to discuss Anglo-American relations on the assumption that Britain is actuated by a greater sense of international obligation than is the United States. The policies of the two countries are conditioned by the fact that they are subject in unequal degree to the pressure of widely separated emergent imperial Powers. If Japan were Germany or Germany were Japan, a single collective system would easily bring Britain and America into active coöperation and an equal partnership.

An understanding of the difficulty of coöperation is not in itself, of course, a solution of the difficulty. But it is the necessary preliminary to a search for a solution in that it tends to remove misunderstandings based not upon realities but upon illusions. Until those illusions are cleared away, Americans dealing with Britons will feel themselves unjustly accused of a selfish isolation and will feel moreover that the accusation is hypocritical. Americans under the spell of this illusion, will continue to make promises in Europe that American opinion will not ratify. Britons, seeing this, will feel that America is utterly undependable, and will be tempted to make engagements elsewhere which, if consummated, would destroy all possibility of Anglo-American coöperation.

## IV

It would seem that the first step in the development of Anglo-American political coöperation must be a clearer definition of British policy in the region of its primary interests, which is Europe, and of American policy in the region of its primary interest, which is the Pacific. For both countries this would seem to require a reconsideration of certain traditional policies.

The traditional British method of obtaining security as against continental Europe is to keep the command of the sea and use it to maintain a balance of power as between continental armies. Today, however, the actual situation does not fit the traditional formula. In narrow waters the aeroplane and the submarine are a threat to sea power such as it has not known for centuries. On

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the continent France is at last a satisfied Power. Germany, on the other hand, is unmistakably an unsatisfied Power. Thus Britain is no longer certain that she can command the sea; she is no longer impregnable to invasion. At the same time she cannot promote her security by attempting to hold evenly a balance of power between a strong France which shares the British interest in the *status quo* and a potentially stronger Germany which menaces the *status quo*.

What position Britain will eventually take in respect to Europe, it is impossible now to predict. But to American eyes it appears that the British people have not yet taken a definite position, that they are deeply divided in their own minds as to what position to take, that they do not really know whether to seek their security by the traditional method of the balance of power as between France and Germany, under the form of the League, or to seek security by alliances. It is this very uncertainty of the British attitude which makes very difficult any sort of effective American coöperation to maintain peace. If the British policy is to be based on the balance of power, American coöperation would involve a more intimate and continuing concern in European politics than can reasonably be expected. If the British policy is one of alliances, it is clearly out of the question for America to join the alliance or to be part of a system in which it was outside the alliance. Above all, as long as the security of Europe is so uncertain, either British policy is likely to keep Britain so much engaged in Europe that it cannot be depended upon for any effective coöperation under the collective system in any other part of the world.

In respect to the Pacific and Eastern Asia, the United States finds itself in a quandary which is not unlike that of Britain in Europe. The traditional method of promoting American security has been to maintain a balance of power. The Washington Treaties sought to stabilize this policy under the forms of a collective system. But the balance of power does not exist. Russia is preoccupied in her European territory. China is in the midst of a prolonged revolution which prevents her from protecting effectively her own independence and integrity. Britain and the other European Powers cannot assume responsibilities in the Far East. This leaves the United States in a position where it alone is capable of offering genuine opposition to the Japanese advance.

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The United States is, therefore, forced to reconsider her whole Far Eastern policy on the assumption that China, Russia, and the European Powers cannot or will not oppose the growth of the Japanese imperialism. What Asiatic policy the United States can and should adopt is no more clear to Americans than a continental policy is clear to the British. But it is clear that this very uncertainty makes it difficult for Britain to coöperate with America in the Pacific and will preoccupy America to the exclusion of any responsible action in Europe.

V

It should perhaps be said in order to avoid misapprehension that when I speak of coöperation I mean effective action, which in diplomacy always involves ultimately the risk of war, and not merely consultation, observation, and negotiation undertaken with the reservation that if words fail, nothing further shall be done. Whatever else happens in Anglo-American relations, they should not be poisoned by deceptive promises that cannot be made good in a crisis which may be vital to the one nation or to the other. It may be that conditions are such that for the time being Britain must clarify her policy in Europe and America her policy in the Pacific on the assumption that neither can expect, in the sense in which I have just defined it, the coöperation of the other. It may be, too, that when this clarification of their respective policies has taken place, each will have reduced the risks in the sphere of its primary interests sufficiently to liberate it for dependable coöperation with the other in the sphere of its secondary interests. This is to say that until Britain has settled the European question and feels secure in Europe, it will play no effective rôle in Asia, and until America has settled the Asiatic question and feels secure in the Pacific, it will play no effective part in Europe.

For while both nations sincerely desire peace both in Europe and in Asia, the defense of their own vital interests compels them to concentrate their energies. They are unable at present, I believe, though I regret it, to coöperate politically where coöperation implies or involves the risk of war in the widely separated spheres of their paramount interests. To recognize this is not to rule out coöperation. It is to direct it to the field where it is possible. Obviously, there is nothing in the situation which I have described to prevent coöperation in economic affairs. There are

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difficulties here, too, but they are not such deep difficulties as lie in political coöperation. It is, therefore, towards currency stabilization, the removal of barriers to trade, and the promotion of commerce that the impulse to coöperate can best be directed. There it can find work to do. There good will can find expression in good works. There the habit of coöperation can be confirmed until, under other political conditions, it can be broadened into a common policy for the maintenance of peace.

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# SOCIAL SECURITY HERE AND ABROAD

*By Frances Perkins*

IT CAME as a distinct shock to many of us when President Roosevelt some time ago commented on the fact that in providing security for the mass of the people the United States is some twenty-five years behind most of Europe. A country which has always prided itself on the high standard of living among its working people was disconcerted to learn that other nations had gone much further along the road of assuring their people the maintenance of a decent standard of living in both good times and bad. The depression had no doubt brought home to many the realization that high wages and economic security are by no means synonymous. But it was not generally realized — perhaps it is hardly yet grasped in its full import — that in Europe, in spite of the long drawn out severity of the depression, under the protection of social insurance measures the people have suffered much less severely, both in numbers and degree, than have our own workers.

That even in times of apparent prosperity we had an appalling amount of suffering and destitution due to the lack of protection against the ordinary hazards of life can be seen from the fact that there was a steadily growing need for public and private charity, for social welfare work, and for immense "drives" by community chests and individual organizations. Actually it is estimated that in 1929, at the height of our most glittering prosperity, there were at least 2,000,000 unemployed in the United States and hundreds of thousands incapacitated by industrial or other accidents, of whom the great majority were eventually compelled to seek some form of charitable aid. Had this country had some or all of the social security measures in vogue in Europe, most of these people would have been tided over their period of misfortune by financial assistance due them as a matter of contractual right, for which provision had been made during normal earning years.

There are two questions which rather naturally arise. In the first place, why does the United States, which has always been counted as highly progressive, now suddenly find herself the only large industrial country without adequate social security legislation? Secondly, if other countries have already had such legisla-

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tion in operation for 25 years or more, why is it not possible to pick out the most successful system as a model, and set up a similar one here without delay?

There are several logical reasons why the United States has been slow to recognize the principle of social insurance — the principle that, "in order to advance the prosperity of a nation as a whole, and to conserve its vital forces, it is better that a misfortune falling on an individual should be distributed and borne lightly by the whole community, rather than that the individual should be crushed by the weight of his own misfortune."

In a new and pioneer country like the United States, with its unlimited natural resources and unexplored frontiers, there appeared to be abundance for all. Labor was scarce and the rewards were high. The emphasis naturally tended to be on individualism rather than on coöperation for the common good. As long as opportunity was more or less unlimited, people felt that a man's failure to provide adequately for himself was probably due largely to his own fault, and that no responsibility lay on the rest of the community to do anything about it except possibly as a matter of charity. Furthermore, they felt that it was an individual matter rather than one which affected society as a whole.

It was not until misfortune became more general that the truth was driven home that a man might indeed be the victim of circumstances far beyond his control, and that, in the closely woven fabric of modern life, the misfortune of one group might have a very real and direct bearing on the welfare of the whole society. Recognition of this fact by the older nations of Europe lay at the very heart of their theory of social insurance and of their legislation putting it into effect. It has taken the trials and misfortunes of the great depression to bring it home clearly to this country.

Not that it is an entirely new idea here. For years many have foreseen the eventual need of social insurance in America. But they have been as voices crying in the wilderness. Successful social legislation, like any other legislation, can only be the result of a definite demand by the people themselves. Pioneer efforts along these lines were unable to make headway against certain beliefs which were firmly entrenched.

For one thing, it was believed that with high wages the worker himself should and would be able to make provision against the hazards and vicissitudes of life to which he or his family might

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fall victim. Protective labor legislation was directed largely towards the maintenance of minimum standards of living. This was of course highly valuable in times of normal employment, but did not cover a gap of prolonged unemployment such as we have had to face in recent years.

Again, in those states where the idea of social security had gained ground, the competitive nature of interstate commerce placed an effective damper on any action. Each state hesitated to be the first to adopt social legislation for fear that the cost would place its industry at a disadvantage with regard to that of its neighboring states. Thus it was that in the progressive state of Wisconsin it took twenty years of continuous effort to place on the statute books the first unemployment compensation act ever passed in the United States. And in order to place the industrialists of Wisconsin at as little disadvantage as possible the sponsors of the legislation found it necessary to compromise on an extremely modest beginning.

It is also true that in the United States, just as had been the case previously abroad, social insurance has had to overcome the opposition of industry and of the ultra-conservative interests which saw in it only a burden of additional taxation.

Such, briefly, were some of the reasons for the coolness with which the United States formerly regarded the idea of social security legislation. But the events of the past few years have brought about a decided reversal of opinion. In the face of a depression of unprecedented length and severity, men have found accustomed ground slipping from under their feet and have looked about desperately for some rock to which to cling. They have seen that the foreign worker is coming through the years of depression with improved health and higher standards of living, and that the credit is due in large measure to the protection which has been his through social insurance. Industrialists, too, have been impressed by the testimony of their British brethren, who have been converted from bitter opposition to unemployment insurance to cordial support through a recognition of its stabilizing influence, particularly in maintaining home industries and a steady minimum of production. As an influence in preventing social unrest, its value is thoroughly appreciated — not only in England but in every country which has adopted it.

But though there has been a definite change in American sentiment, that does not mean that the problem before us is an easy

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one. President Roosevelt, who has been for many years an advocate of social security measures, recognized this when last summer he appointed the Committee on Economic Security to make a comprehensive study of the whole question and present to him recommendations on which a sound legislative program might be formulated. Evidently, while the United States can benefit by the lessons which others have learned slowly and painfully through trial and error, in the last analysis the system which she works out will be peculiarly an American one and adapted to special American conditions and requirements. No other country, for instance, has a form of government like ours, involving as it does special constitutional questions which directly affect the form legislation must take. Again, in no single European country is there to be found such a striking variation in the standard and cost of living as exists, let us say, between that of the agricultural laborer in the warm South and the highly skilled mechanic or craftsman in one of our cold Northern industrial cities. Thus although Great Britain's system is admittedly the most successful, the flat rate of contributions and benefits which is suitable to her closely-knit and homogenous people would obviously not be the one best adapted to our needs.

Furthermore, in spite of years of experimentation, the systems in effect abroad are still slowly evolving. There is not one which could be claimed to have crystallized into final and permanent form. It is of the essence of social security legislation that to be successful it must adapt itself not only to national characteristics and racial requirements but to changing economic conditions.

Commercial insurance is based on risks which can be predicted with almost complete accuracy. But while the incidence of old age, accident and ill health are measurable, unemployment, which is one of the most important risks involved in social insurance, depends on economic conditions which even the most conservative would admit have been of an extremely unpredictable nature in the past half century or more. While no country (except Russia) which has once adopted this type of legislation has ever given it up, all of them have continually changed and improved their methods. The systems differ in detail. But it will be seen that in general their trend is similar, and that the movement is constantly towards a broader measure of security for the low-income groups.

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## II. IN FRANCE

The French problem has differed from that of Great Britain and Germany, countries where the industrial population predominates. In France, agriculture and industry are more or less evenly balanced and until recently the unemployment problem had never been acute. Hence, provision against the effects of unemployment has played a minor part in the development of French social legislation. On the other hand, concern over the decreasing birth rate shows itself in the provisions made for maternal care, in the birth bonuses and in the family allowances, all of them designed to encourage large families.

Historically speaking, France can claim to have been a pioneer in the field, having set up in 1673 a system of compulsory old age insurance for her seamen, a system which has continued practically without interruption down to the present time. Actually, she was slow in developing a coördinate system, partly because workers were protected against many hazards through the friendly and mutual benefit societies which were encouraged and subsidized by the state. It was not until after she had won back Alsace and Lorraine that she found herself in a situation which demanded action. The people of these provinces had been enjoying the benefits of the German system of health insurance and old age pensions, and it was obviously not feasible either to deprive them of these popular measures or to leave them in a position which would arouse the jealousy of the rest of the country. Hence, after many years of discussion, France in 1930 adopted a fairly comprehensive social insurance act, which does not, however, include any compulsory unemployment insurance. It applies to nearly 9,000,000 workers, and provides old age insurance, cash and medical benefits during illness and invalidity, maternity and death benefits, and medical care for the family of the insured.

The system is compulsory and contributory, one contribution covering all the risks and expenses. The employer and the employee pay an equal amount, the wage earner's share being paid by the employer and then deducted from his wages, and the fund is supplemented by grants from the state. It applies to the wage earner whose income does not exceed approximately $600 to $700 a year, depending on the locality in which he lives, but the amount of the exemption is raised for each child, so that a worker

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earning approximately $1,000, but with more than 3 children, would still come under the law, although to safeguard the employment of parents of large families the amount of his contribution would be calculated on the lower amount. He pays no contribution if he loses his job, but the government makes good both his and the employer's contribution during the first four months he is out of work. Due to the unexpectedly large increase in unemployment this provision today involves a deficit of nearly 4 billion francs in the French budget.

Pensions amounting to 40 percent of the average annual wage are granted at the age of 60 to workers who have been employed for 30 years. A worker who wishes to retire at 55 can do so by accepting a lower pension; and it also will be decreased for those who during the transitional period reach the age of 60 before they have been able to make their 30 years' contributions. A worker who has brought three children up to the age of 16 is entitled to an increased pension. On reaching the eligible age, he may also, if he wishes, receive a lump sum instead of an annual pension, on conditon that he uses it to buy a homestead. His widow and orphan are entitled to a cash benefit of 20 percent of his average annual wage and if he leaves 3 or more young children they are entitled to a minimum of 100 francs a year each until they reach the age of 16.

If the workman or his wife or children should fall ill, he is entitled to from 80 to 85 percent of the cost of medical treatment; and if he himself is sick for more than 4 days he is entitled to a cash allowance ranging from 3 to 18 francs a day according to his wage class. Maternity and nursing allowances are also granted to insured workers and workers' wives.

French unemployment aid has been handled in the past by trade unions or mutual aid associations, which since 1906 have received government subsidies proportionate to the financial assistance they have rendered. This subsidy was formerly fixed at 33 to 40 percent of the benefits, depending on the size of the association, for a maximum benefit period of 120 days (later extended to 180) and was reimbursed to the organization after the benefits were paid. But so heavy did the demand on the funds become, due to increasing unemployment, that in the spring of 1932 it became necessary to increase the subsidies to 60 percent on benefits paid out during 10 percent of the possible working days; to 70 percent on benefits paid out during more than 10

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percent but less than 20 percent of the possible working days; to 80 percent on benefits paid out during more than 20 percent but less than 30 percent of the possible working days; and 90 percent on benefits paid out for more than 30 percent of the possible working days. In addition, it was provided that the association could secure advances from the state rather than wait for reimbursements from benefits paid. The present rate of benefits is 7 francs per day for the unemployed head of a family; for the spouse and dependents over 16 years of age, 4 francs; for persons under 16 years of age dependent upon the head of the house and not working (or if working, earning less than 4 francs per day), 3.50 francs. The maximum total allowance amounts to 19 francs, which however is increased from 1 to 4 francs according to the number of dependent children in excess of two. The total daily family allowance may in no case, however, exceed one-half of the average ordinary wage of the district and the regular family allowance. If unemployment lasts longer than 180 days the worker then receives aid from small offices run by the municipalities, which are also subsidized.

It is this question of extending aid to the unemployed worker beyond the period to which his contributions have entitled him which is proving the most difficult in every social insurance program. If the fundamental principles of insurance are to be maintained, there must obviously be a direct relation of benefits to contributions. On the other hand, it is equally obvious that if the benefits to which he is entitled are exhausted before work can be found for him, the worker must in some way be provided for. The British Government is still struggling to find a proper solution to this problem; in fact, it has recently announced that after only a month's trial its latest scheme of supplementary unemployment insurance is to be abandoned as unsatisfactory, necessitating some new arrangement to care for those who are no longer entitled to insurance benefits.

### III. IN GREAT BRITAIN

The British unemployment insurance system was started in 1911 as part of a comprehensive program of social legislation which emphasized old age pensions and health insurance. The plan, which applied to only about 2¼ million workers in specified trades, was a compulsory contributory one with weekly contributions of 2½*d.* each from the employer and the employee and 1⅔*d.*

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from the exchequer, and benefits of 7 shillings (approximately $1.70) a week.

The plan was launched at the beginning of a period of unusual prosperity, followed by four years of war during which there was practically no unemployment. The result was that in November 1918 the fund had an undistributed balance of £15,000,000 — almost $80,000,000 — although it had in the meantime been extended to cover workers engaged in war industries. Not only did the rapid demobilization of war industries naturally place a heavy drain on the fund, but in 1920 the system was extended to cover practically all workers except those engaged in agriculture or domestic service. Contributions were raised, but the benefits were also increased, being 15s. ($3.65) for men and 12s. ($2.92) for women, limited to 15 weeks' benefit in any insurance year. Unfortunately, 1920 marked the beginning of a period of post-war depression which caused the number of totally unemployed to increase with great rapidity in a few months from some 500,000 to over 2,000,000, plus another 1,000,000 only partially employed.

It had been one of the provisions of the act of 1920 that the insured worker should be eligible for benefits only after the payment of 26 (later changed to 30) weekly contributions. But as unemployment rapidly increased it was seen that it would be impossible for those recently brought into the system to fulfill this requirement. In the emergency the British Government decided on a step which, while it abandoned temporarily at least the insurance principle, avoided some of the more disagreeable features of relief. By a system of so-called uncovenanted benefits, aid was extended to any unemployed person genuinely seeking work, regardless of whether he had built up the required number of contributions, or even made any. It was this system of "uncovenanted" or "transitional" benefits which started the use of the term "dole," which was later unfortunately applied to the whole system.

Owing to the long duration of the depression, the emergency or transitional period lasted very much longer than had been anticipated, and the insurance fund was piling up a debt which by October 1934 amounted to over £105,000,000. In the meantime, by the amendment of June, 1934, the whole system was drastically reorganized, a sharp distinction being made between the payment of contractual unemployment insurance benefits on the one hand, and the provision of unemployment assistance and relief on the

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other. Provision has been made for repayment to the Treasury of money borrowed for these transitional benefits. Repayment is to be made in half-yearly instalments of £2,500,000 each, which, it is anticipated, will fully wipe out the debt in less than 40 years. Thus the insurance fund is once more placed on an actuarially sound basis, but at the same time it is burdened with the repayment of money which, according to some opinions, might properly have been charged to relief.

Provision for old age has been an important part of the British system of social insurance since 1908, when a plan of free old age pensions was started. Pensions of 5*s*. a week were granted to indigent old people of 70 or more who had an income of less than £31.10*s*. a year (approximately $2.92 a week). This sum was doubled in 1920, and granted to persons with an income up to $4.66 a week. At present, pensions vary with the income of the pensioner, in computing which certain deductions are allowable under a "thrift" clause. In addition, contributory pensions for workers, covering the ages from 65 to 70, have been set up in connection with the compulsory national health insurance system.

To make for simplification, health and pension contributions are paid weekly in the form of a single stamp. For a man the total contribution is 1*s*. 6*d*. (36 cents) per week, half being paid by the worker and half by the employer; of this, half represents the contribution for health insurance and half the contribution for old-age, widows', and orphans' pensions. For a woman the total contribution is 1*s*. 1*d*. (26 cents) per week, 7*d*. (14 cents) being paid by the employer and 6*d*. (12 cents) by the worker; of this 4½*d*. (9 cents) represents the contribution for pension and the balance the payment for health insurance. In addition to the funds so collected, the sum of £4,000,000 ($19,466,000) is paid annually from the National Exchequer. This annual grant has been made for a period of 10 years, beginning 1926–27, thereafter to be determined by Parliament.

The amount of the pension benefit is 10*s*. ($2.43) per week. Widows' pensions amount to 10*s*. per week, to which is added 5*s*. ($1.22) allowance per week for the eldest child and 3*s*. (73 cents) per week for each other child. Full orphans of an insured parent or insured parents are entitled to 7*s*. 6*d*. ($1.83) each per week up to the age of 14 years (or 16 if attending school). The health insurance program provides not only medical benefits but cash allow-

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ances to the worker and a maternity benefit to his wife of $9.73, or in the case of an insured wife $19.47.

### IV. IN GERMANY

It was in 1889 that Germany led the social security movement by establishing a system of health and old age insurance for her workers, but it was not till 1927 that she adopted compulsory unemployment insurance. At the present time two kinds of benefit are provided — ordinary contractual benefits, paid for by contributions; and emergency benefits for those who have drawn emergency benefit to the limit, paid for out of the surplus of the insurance not used for ordinary benefits and a special government tax. In addition there is a supplementary system of local poor relief, to which the central government contributes direct grants proportionate to individual local government requirements.

The compulsory system applies, with certain exceptions, to workers earning less than 3,600 marks a year, and to salaried employees earning not more than 8,400 marks. The 6½ percent rate of contribution, of which the employer and employee each pay half, is based on 11 different wage levels (in actual practice, 6). To be eligible for benefit for the first time, an insured worker must have paid contributions for 52 weeks out of the 2 years preceding his application, and for 26 weeks during the 12 months immediately preceding a second application.

Benefits formerly ranged from 75 percent of the standard wage for those in the lowest wage class to 35 percent in the highest; but in 1932 as an economy measure three scales were introduced, based on the cost of living in various sized communities. Due also to the economic stress of the past years, the period for ordinary benefit has been reduced from a total of 52 weeks to 14 weeks. Then the worker is subject to a strict means test, and if he has no means of support and can be given no assistance by relatives he receives extended benefits. Of these need, rather than time, is the limiting factor.

The system is almost self-supporting. For the fiscal year ending March 31, 1934, contributions of wage and salary earners and of employers were approximately 1,000,000,000 marks; appropriations by the German Government for the welfare relief of communities were approximately 400,000,000 marks; appropriations by the local governments and municipalities were approximately 600,000,000 marks; and the yield from a special "crisis" tax was

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approximately 500,000,000 marks. The regular and extended benefits are paid out of the funds made up from the premiums paid on account of the insured and the crisis tax, while the welfare relief is provided for from governmental appropriations, federal, municipal, and local.

Some 18,000,000 people in Germany are covered by the combined old age and invalidity insurance system. This calls for contributions, also graduated by wage groups, equally by wage earners and by employers. Small tradespeople and others not included in the system are permitted to participate voluntarily, on payment of the whole contribution. Weekly contributions range from 30 pfennig in the lowest wage group to 2 marks in the highest. The benefits paid include invalidity, old age and survivors' benefit, and certain free medical treatment. The old age pension begins at 65 and varies with the number and amount of contributions, 20 percent of all contributions paid being added to the minimum of 156 marks a year, of which 72 marks represent the state subsidy.

### V. THE AMERICAN PROGRAM

While there can be little weight to the argument that the United States cannot afford to adopt social insurance, when so many other countries much poorer than she maintain such comprehensive systems, the American program has been framed with due regard to our present economic conditions. The legislative proposals before Congress as this is written represent a modest, sound beginning, on which we can build by degrees as circumstances warrant. We do not expect to achieve perfection at once. It is to be expected that the progress of social insurance here, as elsewhere, will be evolutionary. In the course of time, with experience, and as conditions change, alterations and improvements will undoubtedly be made.

The Administration does not entertain the illusion that social insurance is a cure for all our ills. For instance, unemployment compensation alone evidently cannot solve our present unemployment problem. For this reason the Committee on Economic Security emphasized that at the present time the major contribution of the Federal Government towards security should be the provision of work for those now unemployed.

The unemployment compensation plan proposed in the Wagner-Lewis-Doughton Bill, now under consideration by Congress,

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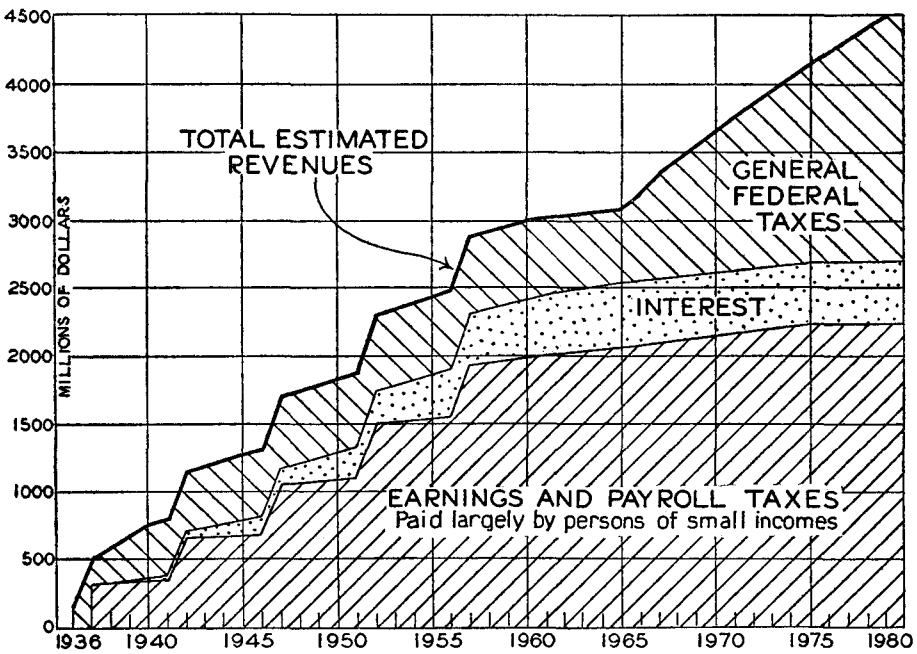
will be financially self-sustaining and will provide limited benefits on a strict contractual basis. It may be described as a coöperative system between the Federal and State Governments. It proposes a federal payroll tax on all employers throughout the country who employ four or more employees, to come into operation on Janu-

ESTIMATED REVENUES, BY SOURCES, FOR OLD AGE SECURITY PROGRAM
1936–1980




This chart illustrates the sources of the revenues for the contributory annuity system and the Federal grants-in-aid to the states. The section "Earnings and Payroll Taxes" represents a tax of 1 percent on all payrolls from 1937 through 1941, 2 percent from 1942 through 1946, 3 percent from 1947 through 1951, 4 percent from 1952 through 1956, and 5 percent thereafter. This tax is shared equally by employers and workers. The section marked "Interest" represents interest on the reserve fund which is built up gradually and is held constant from 1965 on. The section "General Federal Taxes" represents the contribution of the Federal Government to the state old age pensions and to the contributory annuity system. The increase in the amount of Federal taxes after 1965 is due to the fact that in the early years of the plan funds are borrowed from the contributions of the younger workers to pay adequate annuities to those who have made contributions for only a short period before retirement.

ary 1, 1936. In the first two years the rate of this tax will be either 1 percent, 2 percent or 3 percent, depending upon the progress made toward economic recovery as measured by the index of production of the Federal Reserve Board. If there is no marked improvement, the rate will be only 1 percent; if there is

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considerable but not complete recovery, it will be 2 percent; and if there is complete recovery, 3 percent. Beginning in 1938, the rate is to be uniformly 3 percent. A credit against this tax is to be allowed for contributions made by employers for unemployment compensation purposes under state laws setting up compulsory unemployment compensation systems. The maximum credit thus allowed is to be 90 percent of the Federal tax, the other 10 percent being in any event payable to the Federal Government, to be used for payment of the expenses of administration by the Federal and State Governments. Employers who have stabilized their employment are under certain circumstances permitted additional credits, but only after they have built up adequate reserves, and subject to continued payment of at least 1 percent into the state fund and of the 10 percent for administration.

All funds collected by the states for unemployment compensation purposes must be deposited in the United States Treasury, to be invested and liquidated by the Secretary of the Treasury. In addition, the Bill prescribes certain minimum standards which must be met by the state laws in order for employers in those states to become entitled to an offset against the Federal tax. The most important of these standards is that all moneys collected by the state must in fact be used for unemployment compensation purposes.

In all respects not specified in these standards the individual states are given complete freedom to establish any kind of unemployment compensation system they wish. They may or may not permit separate industry and plant accounts, and may or may not require employee contributions in addition to the contributions paid by the employers. They can fix their own benefit rates, waiting periods, etc. Likewise they will have direct responsibility for administration, but are required to use the public employment offices for this purpose, and to select all employees concerned with the administration of unemployment compensation on a merit basis. The fact that a uniform tax is levied removes the possibility of any one state being placed at a disadvantage in interstate commerce. At the same time the states are free to adopt legislation best suited to their own needs. The arrangement also insures the safety of all reserve funds and their use to stabilize the economic system.

Regarding old age security the proposed Bill makes three separate provisions: 1. Grants-in-aid toward meeting the costs of

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pensions allowed under state laws to old people in need. 2. A federal old age annuity system, compulsory and contributory, for all employed persons. 3. A federally administered system of voluntary annuities, designed primarily for people of small incomes not covered by the compulsory system, administered by the Treasury Department.

The federal grants-in-aid will match the contribution made by states to meet the cost of pensions paid to indigent old people under state laws, but the federal part of this cost is not to exceed $15 per month in any case. In addition, the Federal Government will pay one-half the costs of administration, provided they do not exceed 5 percent of the amount expended for pensions. To be entitled to aid, a state must make its old age pension law conform to standards prescribed in the Bill. These standards require payment of old age pensions to old people in *need*, who are citizens of the United States, who have resided within the state five years or more, and who are 65 years of age or over (with the proviso that until 1940 any state may maintain a 70-year age limit). States may grant pensions on a more liberal basis, but will not receive any federal aid unless they meet the standards.

The federal old age annuity system insures all gainfully employed workers against old age. It is financed by a payroll tax shared equally by workers and employers, and its administration will be placed under the Social Insurance Board.

The system of voluntary annuities provided for in the Bill is designed to enable low-income people who cannot be brought under the compulsory system, or who wish to supplement the annuities which they will get under this system, to purchase old age protection at cost. Wide discretion is allowed regarding the conditions on which annuities are to be sold, but there is a restriction that no person may receive an annuity in excess of $100 per month. In all cases the purchasers will get an annuity based upon the exact amount of their contributions; the Federal Government will contribute only the costs of administration.

The three parts of this program are complementary. The federal grants-in-aid for pensions paid by the states are designed to stimulate all states to enact liberal old age pension laws for the support of people now old who are in need. The compulsory contributory annuity system is designed to enable younger workers, with the help of their employers, to make their own provisions for old age. These annuities will be contractual and free from any

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means test. Through such annuities the rapidly increasing cost of gratuitous pensions will, in the course of time, be greatly reduced. The voluntary annuities are intended as a supplement to the compulsory annuity system to give self-employed people, housewives, etc., the same opportunity to make their own provisions for old age that the employed persons are required to make.

The Bill also provides for federal grants-in-aid to states to help meet the cost of widows' pensions, and for the care of handicapped children, the extension of child and maternal health services through the Children's Bureau, and an extension of federal aid in public health services.

The total appropriations proposed in the bill amount to $98,500,000 in the fiscal year 1936, and $218,500,000 in subsequent years. Offsetting these appropriations, will be the receipts from taxes which are imposed in connection with unemployment compensation and old age annuities. Unemployment compensation will not involve any cost on general revenues. And for a considerable period to come the federal grants-in-aid to states for old age pensions can be borrowed from the amounts collected by the Federal Government through the system of compulsory old age annuities.

The American program for economic security follows no single pattern. It is broader than social insurance and does not attempt merely to copy a European model. It is calculated, under our American conditions, to protect our citizens from the hazards which might otherwise plunge them into destitution and dependency.

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# CANADA AND THE FAR EAST

*By T*

OVER the main doorway to the Parliament Buildings in Ottawa are inscribed in stone the uninspiring words:

> The wholesome sea is at her gates
> Her gates both east and west.

The developing tension in the Pacific area, however, causes thoughtful Canadians to wonder whether, so far as their western sea is concerned, the word "wholesome" is not as inaccurate as it is unpoetic.

That this tension is increasing is hardly open to question. It is equally true that it threatens to destroy the delicate system of defensive naval ratios between the three great naval Powers. Such a calamity, so far at least as the United States and Japan are concerned, would probably result in the open and avowed substitution of power for coöperative diplomacy in respect to Pacific and Far Eastern affairs. There would be one inescapable result to this — a naval race in the Pacific. There seems only one end to that kind of a race — war.

It may be argued that the picture is overdrawn, that the colors are too lurid. And yet, if the experience of the past is any guide to the possibilities of the future, materials for an Eastern conflagration have been assembling for some years. Japan, not realizing how crude her methods have appeared to others, and therefore not appreciating their reactions to those methods, complains that the rest of the world shows neither sympathy nor understanding regarding the hard necessities of her situation. She is angered and bewildered that the finger of accusation has been pointed at her in the council of the nations at Geneva merely because she has played the game according to traditional rules, which some at least of her accusers have not yet themselves abandoned. She has wrapped herself in the mantle of injured pride, stirred up the militant patriotism of her people, and driven straight forward with her plans for hegemony in the Far East.

The parallel to Germany's action in the latter nineteenth and early twentieth centuries comes at once to mind — exuberant expansion, coldly blocked by those already satisfied; resentful defiance, backed by an increasing weight of arms and directed by

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a calculating and powerful military and naval clique: a defiance all the more dangerous because, while ostensibly based on reckless confidence and greed for power, it had a strong undercurrent of uncertainty and fear.

Is the United States to play the rôle of the Triple Entente in this parallel situation? There is no dogmatic answer. But it is at least safe to say that she seems determined that Eastern Asia shall not become a Japanese preserve. That the policies of the two countries have not clashed more often in the past decade is primarily due to the system of coöperative diplomacy exemplified in the Washington and London Conferences. The activist policy adopted by Japan on the Asiatic mainland, resulting in the formation of the vassal state of Manchukuo and Japan's withdrawal from the League of Nations, has, however, very definitely imperilled these arrangements.

Japan feels more and more insecure under the provisions of the naval disarmament treaties and is searching for another basis of security — equality of naval armaments with the strongest naval Powers. As one observer put it recently, "In Japan it is felt that the objective of national security will never be attained through forced disarmament, never, in fact, until the nations have renounced disarmament as an instrument of national policy." This attitude has, of course, driven home to Americans that if they are to protect their interests in the Far East they may well need all of the naval superiority which they now, by treaty, possess.

The forthcoming Naval Conference, then, is bound to be of the most vital significance for the future of the Pacific. The alternatives are clear, the lines are drawn: a collective system maintaining accepted ratios, or a race for supremacy; reliance on coöperation, or reliance on power. To Canadian observers the auguries do not seem too propitious that the choice will be for coöperation.

The preliminary conversations have broken down, and the difficulties which caused that breakdown seem likely to remain when the Conference convenes. These difficulties center around one word — a word of ominous portent in post-war history — "equality." Statesmen should know by now the power of mischief that one small word contains. The unfortunate results when it has been carelessly tossed about at European conferences should have taught them not only the inevitability of making concessions, but also the futility of forced and belated concessions after an aroused

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people have seized on "equality" as a shibboleth of national honor. At the 1930 Naval Conference there was also a demand for "equality" by the United States in relation to the British Empire. That was conceded; and with it, to Japanese eyes, Anglo-Saxon supremacy was established in the Pacific. In 1935 it is Japan that demands equality and, to Anglo-Saxon eyes, Japanese supremacy in the Pacific. This, it would seem, is to be the crucial issue at the forthcoming Conference.

Behind this Japanese demand lurk fundamental political and economic difficulties. It should by now be axiomatic that no disarmament conference can succeed without a prior adjustment of such difficulties. The Washington Treaties succeeded only because an adjustment was made. The Geneva Naval Conference of 1927 failed because this was not done. The extent to which naval arrangements were successfully adopted in London in 1930 was due to the fact that political negotiation had paved the way. Where such prior political settlement was not possible, it failed. Now recent negotiations have emphasized, rather than removed, political and economic difficulties in the way of the forthcoming Conference. Questions of fundamental import remain unsettled — Japan's need for markets, the recognition of Manchukuo, the Japanese "Monroe Doctrine." Agree on these questions, and a naval treaty becomes, if not easy, at least possible. Fail to agree on them, and the system built up at Washington and London will collapse.

It is no answer to these fears to point out that it would be folly for the United States to fight Japan, and suicide for Japan to fight the United States. History does not show that the possibility of suicide has prevented war. Furthermore, as Arnold Toynbee has lately reminded us, "committing suicide in certain circumstances is a Japanese national tradition; and if these circumstances arise for the nation as a whole, a national act of hara-kiri is perhaps not beyond the bounds of Japanese possibilities."

There is only one safe way through these dangers. The system of coöperative diplomacy in the Pacific, so carefully built up during the last ten years, must at almost any cost be *at least* preserved, and perhaps it must be extended.

II

Has Canada any concern with these matters? If she has, can she play any part in the drama that is unfolding in the East, and

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which will reach a turning point in the forthcoming Conference? The answer to the first question is an unqualified affirmative. The answer to the second is that in certain circumstances, as a member of the British Commonwealth and a state bordering the Pacific, her influence may be important. Her political and strategic position in the Pacific gives a clue to the policy which she is almost bound to adopt on questions which concern that area.

Canada's most important contacts with the Orient are through Japan. Canadian-Japanese relations, though not of any great and immediate significance to either country, have been characterized by lack of friction, even friendliness. Unlike their cousins in Australia and New Zealand, Canadians have until recently evinced little interest in developments in Asia. This has been due primarily to two causes: first, the major part of our Canadian population is situated east of the Rockies, and economic and sentimental considerations have caused us to face the Atlantic; second, there is a careless but none the less deep-rooted belief in Canada's inviolate security, which we have never considered as threatened by Japanese expansion. With the double-barreled protection of the British Navy and the Monroe Doctrine, and with Canada's relative inaccessibility to the armed forces of any invader, except those of a neighbor with whom the possibility of war is apt to draw smiles of amused incredulity, Canadians go about their national business with a feeling of complete unconcern.

There are, however, two qualifications which should be made in respect to this picture. One Canadian province has always felt concern about the Dominion's relations with Japan; and the others, it would seem, are beginning to.

British Columbia, the province in question, fronts the Pacific. It has a sprinkling of Japanese inhabitants and more than a sprinkling of Japanese trade. These facts have always given its inhabitants an interest, sometimes an uneasy interest, in what goes on across the waters that lap their peaceful shores. Japanese trade is welcome, but Japanese immigration is feared. Immigration questions between Canada and Japan have, however, been handled by the Federal Government with a careful regard for the susceptibilities of a proud, sensitive, and powerful neighbor. Like the United States, Canada has virtually excluded Japanese emigrants. Unlike the United States, she has done so without arousing rankling irritation because of racial discrimination. The Canadian policy, which seems so elementary in its wisdom, is

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due not to any superior tolerance on the part of British Columbians, but to caution on the part of Ottawa. The Federal Government, representing a comparatively weak country, has merely been careful not to offend a powerful neighbor with whom there is a growing trade.

Two considerations, however, should prevent Canadians preening themselves on their superior handling of this immigration question. Towards China, which at the moment has neither power to harm or trade to help us, the Federal Government has shown neither courtesy nor consideration in immigration matters. The British Columbia Provincial Government, with no responsibility itself for foreign relations, has displayed in its treatment of all Asiatic inhabitants, British or non-British, a determination to discriminate which ought to be offensive enough to satisfy the most reactionary Californian. Hindus domiciled in British Columbia, though subjects of His Britannic Majesty and Canadian nationals, are by the laws of this Province not even permitted the elementary right of a British subject — the right of franchise. Fortunately, however, the provincial race patriots have not been permitted by the Federal Government to drag this country into a disagreement with Japan; that is a luxury which is permitted only in respect to China and India.

The two questions, trade and immigration, have in the past inspired what little popular interest in the Far East existed in this country — an interest just sufficient to permit the Canadian Government to maintain a Legation in Tokyo with only mild mumblings about government extravagance. This comparative indifference, however, is disappearing.

Canadians, for instance, watched with considerable concern the policy adopted by their government at Geneva in respect to Japan's Manchurian adventure and the Lytton Report. They noted with some surprise the ambiguous declaration of their representative at the Special Assembly of the League of Nations, called to consider that Report. C. H. Cahan, the Canadian Secretary of State who made this declaration, in attempting to do justice to both sides, seemed to be facing both ways. Opinion in Canada at that time was, on the whole, anxious to face only one way. Ostensibly that way was towards Geneva and the League of Nations. Actually it was towards Washington, which had made its approval of Geneva's action clear enough. This country was not deceived into believing that United States policy at the time

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was inspired by anything but those national considerations which experience has taught us are the mainsprings of her actions. But instinct also teaches us that, in Far Eastern questions, we must be on the side of, if not the angels, at least the Americans. When, therefore, Canadians expressed satisfaction at the Dominion's forthright acceptance of the League Resolution of February 24, 1933, condemning Japan's actions as a violation of treaty rights, that satisfaction was due, not so much to the fact that Canada had made herself right with the League, as that Canada was no longer in danger of separating herself from American policy in the attempt to deal with the situation in the Far East.

It is not denied that this new interest in Far Eastern affairs is to some extent inspired by the genuine anxiety of a country that has been a faithful supporter of the League lest League methods should break down in their first major test. But even more is it caused by fear that the failure of this test might have two consequences which could not be viewed by any Canadian without concern: 1. Great Britain and the United States might adopt divergent policies. 2. The United States and Japan might drift into a conflict. Canadians, wrapped up in what may be illusory feelings of security, are not particularly sensitive to the changing currents of international politics. But they could hardly fail to appreciate the terrific implications for them of any such consequences of failure at Geneva.

It is almost platitudinous now to state that Canada's position becomes impossible if Great Britain and the United States drift apart on any major issue. Like many other platitudes, however, this one involves a fundamental truth. Canada is a British Dominion. She is also an American state. She cannot permit herself to be put in a position where she has to choose between these two destinies. Either choice would be fatal to her unity, indeed to her very existence as a state. Hence her uneasiness when Sir John Simon and Mr. Stimson appeared to be gazing at the Oriental scene through different glasses — an uneasiness increased by the fact that no Anglo-American divergence of policy could be more dangerous to this country than one over Japanese questions, especially if in that divergence the United Kingdom seemed to be adopting a pro-Japanese attitude. Hence, also, her profound relief when the preliminary naval discussions with the Japanese in London last autumn showed British and American policies to be substantially in accord.

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III

Already in her short history as a nation Canada has been faced by the possibility that Anglo-Japanese arrangements might endanger British-American relations, and has taken energetic steps to remove it. In 1921 she imposed on a reluctant, even hostile, British Government, the abrogation of the Anglo-Japanese alliance. Canada's rôle in this important development in Anglo-American relations has not yet been fully explained. The records are not available. But this much is clear. The British Government, even though they knew that the renewal of the alliance would receive a hostile reception in the United States, had decided to take that course. Australia and New Zealand applauded the decision. The stage, therefore, was all set when in July 1921 a new actor arrived in London to attend an Imperial Conference, Mr. Arthur Meighen, the Canadian Prime Minister. Not yet having won his spurs in Imperial politics, he caused great surprise — almost a shock — to the assembled statesmen of the Empire when he, and he alone, dared to oppose a policy already decided on in Downing Street — the renewal of the Anglo-Japanese alliance. The adroit manœuvring of Lloyd George, the Olympian condescension of Lord Curzon, the pugnacious anger of the Australian, Hughes, or the massive obstinacy of the New Zealander, Massey, could none of them alter the decision of the Canadian Prime Minister. Taking as his text the primal necessity for the British Empire to refrain from adopting any policy that might conceivably cause political difficulty with the United States, and arguing that the renewal of the Anglo-Japanese alliance had within it the seeds of just such difficulty, he imposed on a reluctant Conference the abrogation of that alliance, and made the Washington Conference possible.

In adopting this attitude, and in sticking to it, Mr. Meighen was voicing the judgment of his government and the instincts of the Canadian people that, while the policies of the British Empire need not coincide with those of the United States in all respects, yet, so far as those toward Japan were concerned, they must.

Canada's insistence on this point is due to a clear realization of two things: 1. In any Japanese-American conflict, her position is dangerously vulnerable. 2. If in any such conflict British policy were tied in any way to Japan's, her position would be fatal. Therefore British and American policy in respect to Japanese and

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Far Eastern questions must, from the Canadian point of view, proceed along parallel lines.

A glance at the map will disclose the reason for Canada's fears for her safety in a Pacific war. The line of attack in the next great war, if the madness of men ever brings it about, is not on the ground but in the air. The danger spot in the world today is the Northern Pacific. Canada is in the aërial line of march between the United States and Japan. That is why Canadians fear for their country in any Pacific war involving Japan and the United States.

Any sustained air attack on Japan from the West could only be via Alaska. The Japanese may be assumed not to have overlooked that fact, or the corollary, that Alaska is not a very efficient American base on account of the fact that British Columbia intervenes between it and the United States proper. It does not require a professional strategist to make the obvious deductions from this set of facts. Furthermore, in case of a conflict between the two great Pacific naval Powers the bays and straits of the British Columbia coast offer an ideal refuge for submarines.

Last summer occurred an event which passed almost unnoticed in the press of this country or the United States but which to some Canadians seemed a portent. A squadron of United States army planes flew across Canada to Alaska, having secured the permission of the Canadian Government (a permission which under existing conventions could hardly be refused) not only to make the flight but to send in advance a party to establish emergency land bases. Almost at the same time, a squadron of American naval planes flew up the Pacific Coast to Alaska. Does it too much tax the imagination to suggest that both the United Kingdom High Commissioner and the Japanese Minister in Ottawa sent back dispatches to their home governments concerning these flights, with appropriate observations regarding respect for Canadian neutrality in the event of a Japanese-United States war?

Strange thoughts these, to perplex a country on whose soil no foreign foe has trod for more than one hundred and thirty years. But they well may determine Canadian policy in respect to Anglo-American-Japanese arrangements. They also prompt certain almost ironic conclusions. In the past, especially in the recent past, Canadian governments have kept a wary eye on Downing Street lest Saskatchewan farmers or Quebec lumbermen

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find themselves tramping the dusty roads of Asia Minor as soldiers of the King. It may be that Downing Street now is watching with some perturbation the development of policies in the Pacific and Canada's relation thereto, lest British sailors find themselves landing at Prince Rupert to fulfill Imperial obligations in the defense of His Majesty's Canadian neutrality.

It is some comfort to think that a nation which in a crisis might consider shipments of Canadian nickel to the enemy an unneutral act, and desire to act against Canada on those grounds, might be deterred by the thought that she forms part of a mighty Empire. It would, however, be an ironic turn of the Imperial wheel if the United Kingdom declared that, in view of the risks and dangers involved, she must not only be consulted about Canada's policy towards the United States and Japan, but that, as an autonomous state within the British Empire, she must reserve the full rights of the Parliament at Westminster to decide whether, and to what extent, she should be implicated in the results of that policy.

Canadians know, however, that there is a better way of preserving neutrality than to play the part and pay the penalty of "gallant little Belgium." That way is, paradoxically, by abolishing the old concept of neutrality. This involves the reëstablishment, and indeed the extension, of a collective system for the Pacific. Canada may be expected strongly to support this policy in international conferences and in Imperial meetings. She realizes that the larger problem of establishing security in the Pacific, and hence of avoiding war, cannot be solved except on that basis. If that larger problem be solved her own difficulties vanish, for it is improbable that she will get into any serious trouble with an Asiatic country on her own account.

The reëstablishment of a collective system in the Pacific would appeal not only to Canada but also to the other members of the British Commonwealth, all of whom are committed to the collective system based on the League of Nations. It should also find us in agreement with the United States. Unfortunately, though the United States believes in a collective system for the Pacific she refuses to join the organization best adapted to organize and administer such a system.

The trouble is that Americans have been taught to think of the League as an instrument for plunging them into European mixups rather than for getting them out of Asiatic ones.

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If Canadians feel strongly about this, it is because they have found no difficulty in reconciling America and Geneva. Their desire and their need to coöperate closely with the United States in international policies make them regret American insistence that such reconciliation is impossible. It is no reply to this argument to say that the League has already failed miserably in the Far East and that its utility there is ended. That is all the more reason why we should read the lesson of that failure and try again. Is war the only international occupation where a first failure is merely the signal for another effort?

But, setting aside the possibility of collective arrangements under the ægis of the League, can a solution of the Pacific problem be found in a regional collective system? Canada would, of course, strongly support this as an alternative — a renewal, extension and possibly an institutionalizing of the Nine Power Treaty. She however would undoubtedly oppose the limitation of any such arrangements to the Great Powers.

If a collective solution on this basis fails also, then old-fashioned diplomacy, bilateral arrangements and balance of power must be left to function as best they can. "Each Nation for itself and God for us all." But there need be no such failure. The problem, though as difficult as any that has faced the post-war world, is not an impossible one. Out of the maze of difficulties two facts stand out. The Anglo-Saxon states must realize Japan's special needs and interests in the Far East; Japan must realize that the collective system is in very truth "the life line of civilization." Is statesmanship so bankrupt that no settlement can be found to harmonize these points of view?

So far as Canada is concerned, one may with assurance say this. She will use whatever influence she may possess, inside and outside the Empire, as a Dominion and as a Pacific state, to force the exploration of every avenue of approach which may lead to a solution of Pacific problems based on collective and internationalist ideals. If such an exploration proves fruitless, then her policy will be to try to ensure that failure will not destroy or even weaken the close understanding and friendly coöperation between the Anglo-Saxon peoples.

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# STABILIZATION: WHY? HOW? WHEN?

*By Arthur W. Kiddy*

PROBABLY no subject provokes more divergent opinions than that of the future stabilization of currencies. Each country necessarily considers it from its own peculiar standpoint; and even within a particular country there is usually a great divergence of views with regard to the method and the time for reëstablishing some kind of international standard. I shall attempt here to present the present British view with regard to the desirability of stabilization, as well as the method to be employed and the time when it should be initiated. Though the view I emphasize is the British one, I think it fair to point out that because of London's long participation in international finance it does endeavor, though not always with success, to take something more than an insular view of these matters.

Some British authorities consider the present moment ripe for international stabilization, and among these are some who insist Great Britain should promptly take a strong lead. Yet I cannot help thinking that those who dogmatize on this question do not take sufficient account of the events of the past twenty years which have led to the present monetary situation. Before we consider the question of why, how, and when there should be a stabilization of international currencies, it is desirable that we obtain a clear view of some of the changes which have resulted from the World War.

## I. RETROSPECT

Before 1914 the currencies of most countries were established upon the gold standard. But Great Britain and the United States, with their free gold markets, were probably alone in fulfilling all the requirements for the smooth working of an international gold standard. Both countries were dominant in their respective spheres. Great Britain, by reason of her outstanding position as a leading creditor country and as the banker of the world, was able to maintain her position with comparatively small holdings of gold. The United States in some respects was in a less favored position and at periods was actually financed by Great Britain. Nevertheless, her natural resources and her favorable visible trade balance were so great that even when circumstances occasionally

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led to heavy losses of gold her exports of goods and services quickly rectified the position.

Furthermore, before 1914 the functioning of the international gold standard was facilitated by something approaching an equilibrium in the trade of the various countries. From time to time the balance against a particular country would be sufficiently pronounced to cause a considerable efflux of gold, but this movement would quickly readjust the exchange position, since the receiving country allowed the incoming gold to function in normal fashion. These were the days when Great Britain, as banker for the world, was constantly making foreign loans to the mutual advantage of lender and borrower, and these loans undoubtedly stimulated both British and international trade.

I wish to emphasize the fact that before the war Great Britain could impose the effectiveness of the gold standard upon the world, because this fact has an important bearing upon future plans for stabilization. That power had developed during almost a century of trade activity and foreign lending which enabled Great Britain almost at any time to control exchange movements through the bank rate. Even before 1914, however, there were signs of some slight diminution in this financial supremacy, since Great Britain no longer enjoyed her former advantages in export trade. Germany and other countries had become keen competitors. Nevertheless, Great Britain's power was not seriously impaired, and at the beginning of the war her financial hold over other countries was indicated by the rush of debtor countries to make remittances to London and the consequent fall of New York exchange to an unprecedented discount in terms of sterling.

It is important likewise to remember that prior to 1914, even though the British and the United States Governments had the final word in banking legislation, the banks were not rigidly controlled by their governments and by reason of their position as custodians of liquid wealth were able to dominate monetary and financial policies.

How great a change was wrought in these conditions by the World War has not even yet been fully realized or understood. Were it otherwise, we should have had more intelligent action on the part of all countries concerned. By reason of profits obtained during the war and the terms on which the Allies were financed during 1917–1919, the United States changed from a

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debtor into the world's leading creditor. *Per contra* Great Britain, after parting with most of her gold to the United States during the war and selling her American securities, became a debtor country. This change was further emphasized later on by numerous defaults on her holdings of foreign loans.

Neither country, however, appeared for some time to realize the tremendous changes brought about by the war. The British Government was slow to economize, and the British people, misled to some extent by politicians, were so slow to perceive their new position as a debtor country and the inability of European countries to pay high prices for manufactures, that they did not attempt to meet the situation by cheapened production but demanded instead shorter hours and improved standards of living. The evils resulting from this failure of debtor countries to realize their new position were intensified by the failure of the United States to understand her responsibilities as a creditor.

Every nation made the mistake of supposing that there would be an early recovery of prosperity. The United States, misled no doubt by the artificial war prosperity, made the greatest mistake of all. This observation is not made in any moral or ethical sense. It is always easy on looking back to perceive mistakes not easily discernible at the time, but it is necessary to recognize them clearly today, because they affect so vitally the question of international stabilization of currencies.

It was common knowledge, soon after the war, that America had laid Europe under tribute and that the amount involved was colossal. The vast lending power of Great Britain had passed to the United States. There was a passing realization of this fact in America, but unfortunately it was expressed in a spasm of lending in directions which involved heavy losses to American investors. It is not altogether surprising that after the United States had built up her prosperity behind tariff walls she should refuse to acknowledge that the payment of her debt claims on Europe could be made only in the form of goods and services. The task set before the European debtors was akin to that set before the Israelites of old when they were told to make bricks without straw. But perhaps, also like the Israelites of old, the debtor nations might have attempted more in the shape of hard work to meet the situation. How this misreading of developments by the United States was destined to create embarrassment and how it finally culminated in a record crisis is now a matter of

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common knowledge. I shall reserve comment upon the fiscal policy of President Roosevelt's régime until I reach the pivotal questions involved in any international currency stabilization.

One other great change arising out of the war calls for special attention. Financial power and financial initiative have passed very largely from bankers and industrialists to governments. In Great Britain it is not so much a case of the Government or the Treasury endeavoring to dominate monetary policy through interference by the Bank of England, but rather of their possessing that power quite naturally through the magnitude of their financial operations. The state of international trade following upon the war reduced the bill of exchange to a trifling total when compared with the pre-war days. That circumstance in itself gives the government almost unlimited power to influence the course of money rates and monetary policy. In the United States I imagine that much the same conditions prevail, though of course under the Roosevelt régime there has been a more definite grasping of power by the government.

But whatever the causes, and however much they may vary in different countries, the fact remains that governments today possess vastly more power to dominate monetary and economic conditions than they did before 1914. And with the growth of democracy there is a greater demand by the people that this power be freely used. These two circumstances, I think, go far to explain why during periods of depression politicians and statesmen have not lent a ready ear to those economists who maintain that depressions can be cured by the old process of increased and cheapened production, involving for a time somewhat lower standards of living.

## II. WHY?

Always keeping in mind the fundamental changes which have taken place since international gold standards were in real working order some twenty years ago, I shall now endeavor to set forth the British view: (1) as to the desirability of a stabilization of currencies; (2) how such stabilization is to be accomplished; and (3) when it may be accomplished.

If a consensus of opinion were taken at the moment in this country with regard to the desirability of an ultimate return by the nations to a gold standard there would be an overwhelming vote in banking circles and a less decisive vote from industry

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in favor of a return. On the questions of "how" and "when" opinions would vary greatly.

Why is the feeling so general in Great Britain that an ultimate return to an international gold standard is desirable? It might fairly be argued that Great Britain is not doing so badly under present conditions. Her domestic trade has improved considerably during the last eighteen months, and the increase in iron and steel production has been remarkable. I do not think, however, that either bankers or industrialists are misled as to the limitations of this improvement. Possibly because we have acted for many generations both as bankers and suppliers of industrial manufactures to numerous countries, we have an instinctive belief in the doctrine that no prosperity can be extensive or enduring which is not more or less world-wide in character. Rightly or wrongly, we believe that world-wide expansion in trade is impossible under conditions producing the maximum amount of chaos in the foreign exchanges, which represent international currency.

In the second place, we believe that the present chaos in the exchanges is a deterrent to world trade not merely because of the chaos itself, but also because of the tendency of certain nations to regard the manipulation of the exchanges as something akin to protective tariffs. While tariffs may be barriers to international trade, they can be softened through trade agreements, but currencies based upon an international gold standard have a more enduring character and tend to produce confidence in trading between the nations.

At the present moment the gold-bloc countries are suffering most acutely from the chaotic state of the exchanges. They are suffering all the more because the devaluation of the dollar and other measures of inflation in the United States have not caused American prices and costs of production to rise sufficiently to offset the adverse effect of the appreciation in the exchange value of their currencies. It is also fully recognized here that without a revival in *world* trade the expansion in our home trade cannot go far enough adequately to relieve the problem of unemployment.

Many readers of FOREIGN AFFAIRS are probably familiar with a recent article by Sir Henry Strakosch[1] in which a return to gold is advocated as the most important step to be taken — and one

[1] Supplement to *The Economist* (London), January 5, 1935; Supplement to *The Economic Forum* (New York), Winter 1935.

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that should be taken quickly — toward world recovery. Sir Henry furnishes statistics showing that in recent years commodity prices in the sterling area have been much steadier than those in the gold-bloc countries, where prices have tended to fall. Other statistics show that production as well as the price level has been adversely affected in the gold-bloc countries. Quite wisely, however, Sir Henry does not labor his argument to the point of maintaining that the countries in the sterling area whose prices have remained comparatively steady should not find it to their ultimate advantage to return to an international gold standard.

It is firmly believed in British financial and business circles that a return to a carefully considered international gold standard is the best safeguard against manipulated currencies and monetary policies of government which may be influenced from sources unable to comprehend the financial and social benefits of a stable money. This feeling is becoming stronger by reason of the growing power of governments in the field of finance, a development to which I have already called attention.

Finally, it is believed here that the danger from manipulated currencies has been increased by the recent tendency of governments to regard depreciated currencies as a trade weapon.

### III. HOW?

While there may be a general desire to return some day to an international gold standard, a consideration of "how" and "when" reveals obstacles which may interfere with the consummation of this desire. There are several methods which might be employed for a return to an international gold standard. In the first place, a conference of all the leading nations might be called to discuss the problem. Unless, however, such a conference is called by the United States, I do not think that one will be held in the near future. In view of what happened at the World Economic Conference in London, called by this country under circumstances implying the closest coöperation of the United States, there is not a chance at present that our government will call another conference. President Roosevelt, after apparently favoring stabilization, turned down the preliminary agreement which had been reached at the crucial stage of the conference, and his manner of doing so made an indelible impression.

There may, of course, have been quite sufficient reasons for President Roosevelt's taking this course, but from that moment

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the movement in the direction of extreme economic nationalism gained headway, and it seems at present to be an effective bar to a conference in which international coöperation would be a first essential. It is conceivable that President Roosevelt might confidentially give our government assurances of his coöperation in the event of such a conference. But we are now fully aware of the fact that in these matters it is with Congress that the world has ultimately to reckon.

Secondly, it is possible that the countries in the sterling area, with a view to furthering trade, may draw closer together in an attempt to strengthen still further the present link between their exchanges. In some quarters this course is favored as possibly tending to accelerate America's desire for international coöperation. As one shrewd observer in the City has said, "America has still to make the important decision as to whether her policy is to be that of Internationalism or Nationalism, and in the latter case America may ultimately suffer more than she anticipates."

Another suggestion is that if it is impossible at present to obtain an agreement for an international gold standard, some tentative plan might be arranged to keep the dollar and the franc and the pound in more stable relations to each other. It is urged in some quarters that if President Roosevelt gave an undertaking that the dollar would not be further devalued for a given period, progress might be helped, and it might be possible in due course to arrive at the ratios to be permanently adopted by these three countries.

In default of any arrangement along these lines, the gold-bloc countries may abandon gold, thereby relieving themselves of influences at present making for acute trade depression. Such action at first would further intensify the chaos in the exchanges, but in the long run it might quicken the desire of all nations to come to an agreement.

In connection with these possible methods of returning to gold, I would again call attention to the all-important fact that Great Britain has lost her former power to enforce a gold standard upon other countries. Nevertheless, it is possible that close coöperation between countries in the sterling area might induce the gold-bloc countries in Europe to abandon gold and follow sterling, or cause the United States to make a move in the direction of a return to gold which might appeal to other nations.

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Meanwhile, although Great Britain may not be in a position to enforce a gold standard upon the world, it is clearly within the power of the United States, either by a further devaluation of the dollar or by other methods, to render the trade position of the gold-bloc countries impossible, and to disturb the exchanges to such an extent as to quicken the desire of many nations for a return to stability. President Roosevelt's monetary policy was apparently designed in part to that end, but so far it has not produced the expected results. A well-known and practical authority on the foreign exchanges here has expressed the view that since the gold bloc will not tolerate any suggestions of devaluation of their currencies it is necessary for the value of the pound and the dollar to be increased in terms of, say, French francs. Says this authority:

> If the pound and the dollar could be temporarily stabilized on the old parity of $4.86⅔ = £1 it might be possible to increase the value of the pound in France to 80 francs = £1 and the value of the dollar in that country to 16.4383 francs = $1. This would reduce the price of gold in London to 131*s.* 11*d.* per ounce fine and in the United States to $32.0972, the price in Paris remaining at its present level of 527.625 francs per ounce fine. A period during which these rates would hold good could be decided upon and, if found workable and in the general interests of domestic world trade, ultimately *de jure* stabilization could follow. Such action would remove the fear of further devaluation of the dollar and the pound and be of great assistance to the gold bloc of countries in removing the uncertainty that exists with regard to their currencies.

There are very few here, however, who believe that the time is ripe even for tentative experiments in stabilizing the pound until there has been a great change in the attitude of the United States towards the whole problem. And here we are at once brought up against the fact that while the greatest problem in that country has been the practical bankruptcy of the internal debtor, the American position as regards external obligations has been remarkably strong. In most European countries the problem is concerned mainly with external obligations.

## IV. WHEN?

Rightly or wrongly, the opinion prevails here that there can be no real return to an international gold standard. It is felt that the key to the situation is to be found in the United States. If, for example, it is true that the nationalist policy of America, as expressed in her high tariffs and a refusal to accept payment in goods and services from her debtors, was largely responsible

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(long before President Roosevelt came into office) for the world depression and the chaotic exchanges, that position has been made worse by the fact that in addition to the high tariffs we now have had the attempt on the part of America to pursue methods calculated to still further add to her gold hoards and to the chaos of the exchanges. And President Roosevelt's experiments are still at the stage when it is quite impossible to determine what will be their outcome.

Before there can be an intelligent international discussion of the general principles of stabilization and the ratios to be established between the major currencies, it is necessary to consider the possibilities of a greater equilibrium in international trade and the difficulties created by the stores of gold which have accumulated in the United States and France. Furthermore, a return to an international gold standard seems to be quite impracticable until the question of war debts has been settled. Countries such as Great Britain and France must know what are their final obligations in the matter of war debts to the United States, before calculations of the ratios under an international gold standard are practicable.

During the past year alone stores of gold in the United States, which were already stupendous, were increased by over £200,000,000, a far greater total than was represented by the entire gold reserves of the Bank of England in pre-war days. That the dollar has been enormously over-devalued by the 40 percent reduction in its gold content there can be little doubt. Hence the query of the authority I have already quoted is pertinent, when he asks why "the one currency that has been over-devalued — thus making other currencies appear over-valued in terms of dollars — should not be revalued and its gold content increased instead of expecting several other countries that have been able to remain faithful to the gold standard to devalue their currencies to create equilibrium with the United States dollar. The situation reminds one of the story of the old lady who saw her son marching by with his regiment and remarked, 'All out of step except our Jock.'" The United States, according to this same critic, deliberately moved the dollar out of line with world currencies and thus forced deflation of prices throughout the world.

While there is general agreement in London that the dollar has been undervalued and that American stores of gold are in

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excess of requirements, it is also recognized that if the monetary policy of the United States should eventually lead to gross inflation much of the gold may be needed as a backing against a huge expansion of credit. Moreover, it will easily be recognized that this problem of international stabilization cannot be divorced from the question of tariffs and other restrictions upon the international exchange of goods and services.

To speak very plainly, I think that the time for obtaining international coöperation for the reëstablishment of the gold standard will depend on the human element. If (I only say *if*) the policy of the United States throughout the post-war period has been one of extreme nationalism accompanied by misapprehension of world conditions and of the responsibilities of a creditor country, I am afraid that a certain amount of estrangement has resulted. And whether the subject is that of war debts or stabilization, the representatives of the United States seem unable to negotiate on equal terms with those of the other countries because of the power possessed by Congress. Again to speak quite frankly, that body appears to contain a large number who have never given much consideration to international problems.

Above and beyond all this, we in London feel that the Roosevelt experiment is only in its early stages. Opinion here seems to be equally divided between those who believe that by luck or skill America will pull through to conditions of real prosperity, and those who believe that the experiment will end in financial and social chaos, involving in some degree the whole world. Never was there a time when it was more difficult for America and Great Britain to come together over matters of vital concern, and yet there was never a moment when unity and coöperation between the two countries were more needed.

Of course, Great Britain herself has resorted in recent years to protective tariffs, but I think that the heaviest blows given to the free exchange of goods and services between different countries and also to the smooth working of an international gold standard have been given in recent years by the United States. I believe, therefore, that it is up to that country to take the lead in bringing about a reassembling of the nations for the good of all. This may savor of idealism, but I believe that the decision will have to be made by America. Possibly no country more earnestly desires a return to the gold standard than Great Britain, but as matters stand at present the risks are too great. She still has a reputation

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as an international monetary center which might be jeopardized by a return to the gold standard under present conditions. The dice would be loaded too heavily against her. The stability of an international gold standard will depend not merely upon the terms on which it is started, but upon the continuity with which the various nations "play the game."

I honestly believe that a few representatives of the United States Government and a few American bankers, coöperating with the same number of members of our Cabinet and of our banking community, could readily determine the principles to be adopted. But of course the less responsible and more numerous politicians have to be borne in mind. Unless there is a very strong and generous lead from the United States, covering trade and currency arrangements alike, we shall probably drift on for some time longer, but perhaps with a tendency towards increasing activity and stability in sterling exchange.

One thing is certain: if President Roosevelt and his advisers were shortly to attempt some plan for provisional stabilization of the pound, the franc and the dollar, there would have to be a definite undertaking that the dollar would not be further devalued over a certain period. And even this provisional scheme would have to provide for a higher valuation of the dollar in terms of other currencies than that now prevailing.

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# PENDING NAVAL QUESTIONS

*By Admiral William V. Pratt*

ON DECEMBER 29, 1934, Japan denounced the Five Power Treaty signed at Washington on February 6, 1922, as part of the general Pacific settlement agreed to at that time by the United States, Great Britain, France, Italy and Japan. According to Article XXIII of the Treaty there must be another conference within a year of its denouncement. Unless all parties to that agreement should decide unanimously not to meet, it therefore seems that a conference must be held before the end of the present year. Will this naval conference include other states in addition to the five original signatories to the Five Power Treaty? As such questions are not settled by majority vote, it would seem that one objection would prevent the inclusion of other states. Even so, the fact remains that the political and military status of other countries has changed since the Washington Treaties were signed, and these changes will have to be taken into account.

Three treaties were negotiated at the Washington Conference, and all were tied together for a purpose. This purpose was: one, to promote world peace; two, to promote peace and fair practices in the Far East; three, to provide security in national defense for all the peoples concerned; four, to reduce their military burdens. In a way, the Five Power Treaty is the sanctions clause of the others. Through it the signatory nations can effect the purpose mentioned without employing force, whereas a single nation in order to attain that same purpose almost inevitably would have to resort some day to the use of force. Despite Japan's special geographical location in propinquity to the mainland of Asia, which confers certain advantages and certain disadvantages, and despite the fact that she is acutely susceptible to disturbing events in the Far East, the pertinent question remains: Can one nation act in the rôle of five and still preserve the purpose of the Washington Treaties, which she claims is her purpose, and do it better than if she had remained an active member of the original group? To break the Five Power Treaty and supply nothing equally good, or to change its character so that it loses its present force, is in effect to damage the entire bloc of Washington Treaties. This inescapable fact is one of the weak points in the Japanese position.

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What is the just basis of one state's claim for naval parity with another? In a claim of this sort, if any intent exists which has back of it the principle of aggression, this fact itself prejudices the claim and renders it unacceptable according to the principles established by the Washington Treaties and the Kellogg-Briand Pact. "National prestige" may furnish a popular basis for an insistent plea for parity, but not necessarily a just one. "National security" may or may not be the basis of a just claim for parity. It requires more conclusive proof than its mere statement. After all the technical data has been submitted and weighed, the claim still must stand the acid test of intent.

Does the principle of equality of arms help better to insure peace than does the ratio principle? It has not done so in the past, nor does it seem probable that it will in the future, unless it is accompanied by a genuine intent for peace. Whenever this intent has been absent, and its place taken by fear, suspicion and greed, then equality in arms coupled with free competition in arms has always shown itself a breeder of war. So long as the preservation of peace is not the governing motive of all the powerful nations, or so long as this motive is hindered from functioning effectively, the ratio principle must stand as a safeguard between peace and war. Abandon the ratio principle, and further advance along the road of arms limitation seems blocked.

Would equality in arms coupled with a plan for reduction of arms offer a better insurance for continued peace than the present limitation of armament scheme based on the ratio principle? Would it be less costly in the end? The answer to both questions is no. Once accept the equality in arms principle as a right upon demand, and it becomes the right of all nations. It is a return to the practices in vogue before the present limitation of arms scheme was tried, bringing into force again the old custom of balances of power. Its tendency is to throw into partnership those states whose motives are aggressive, on the share-and-share alike basis, and to bring together in another group those who seek protection through coöperative action. A struggle ensues between the forces aggressive and the forces protective. When the balance is broken, war begins. The appalling cost of actual war more than offsets any first saving under the "equality-reduction" plan.

Despite the Manchukuo and Shanghai incidents, and despite the naval discussions which have been going on in London and which have filled so many columns of the press, there is con-

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siderable evidence that the main political factors which will determine the course of the coming naval conference are centered to a large extent in the continent of Europe. In 1921–22, when the Washington Conference was arranged and held, Europe was numb from the effects of the late war. The same problems remain in the Orient today; but with the revival of the old war atmosphere in Europe, other problems, perhaps even more pressing, demand attention.

Such are some of the political factors which must be taken into consideration when the technical details are fitted into the picture to make it complete.

In devising an instrument to replace the Five Power Treaty, now denounced, two methods of naval limitation are proposed. Which is better, to adopt the so-called "global tonnage scheme," or to adhere to the present method of limitation of total tonnage and numbers in types of naval craft? The debate on this question has waged back and forth. The global theory sounds simpler, and on first thought might appear likely to lead more quickly to a general agreement. But it is open to a serious objection. At best it is only a halfway concession to the principle of limitation of armament. If during a conference on arms limitation the negotiators have in the background of their minds the idea that preparation for war is still more essential than preparation for peace, and if conditions either natural or agreed to impel them to accept a lesser total tonnage allowance than they want, then the tendency of such negotiators would be to prefer the global theory, for it leaves latitude in making adjustments to suit fancied individual needs. But when the total tonnage figures are large, as they must be amongst the foremost naval Powers, there is created within the total envelope an intensive competitive spirit and a spirit of suspicion, the very things which the limitation principle seeks to avoid. Further, under the global theory there is not that accentuation of type which is one of the characteristics of the present system. If, then, it becomes proper to stress the advantages of one type of ship, or to point out the objections inherent in another, the public mind is not so well prepared to deal intelligently with the matter. Lastly, if in the course of discussion compromise is necessary, it would seem easier and more practicable to adjust the global principle to the present system than vice versa.

What is the value of the so-called escalator clause? It has an important function; but that function is not to give one Power an

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undue advantage over another. Its invocation need not necessarily create the competitive spirit. It is written into agreements in order to provide for unforeseen contingencies which might arise later affecting the national security of a country, and in order to allow that country latitude to meet them. An escalator clause was written into the London Treaty and undoubtedly will find a place in subsequent agreements. It is likely to prove helpful in effecting compromises between different viewpoints.

I shall now try to describe the principal technical differences between the British line of thought and our own. They arise first of all from the general position each country probably would occupy at the outbreak of war; and, second, in the sort of operations each navy would be called upon to undertake in the event of hostilities. The differences in these two respects find expression in different needs as regards types, numbers and size of naval craft.

Great Britain and the United States occupy somewhat unique positions *vis-à-vis* other nations in that both are essentially naval powers and not military powers. But if war breaks out their positions are not the same. British thought must always take cognizance of the fact that, whatever the cause of the war, or in whatever part of the world it occurs, Great Britain is liable very promptly to become one of the contenders whether she wishes to or not. She has the peculiar distinction — with its disadvantages as well as its advantages — of being of all the Great Powers the foremost exponent of natural sea power. A state possessing "natural" sea power is one whose security and very existence is vested in the sea. Another peculiar distinction lies in the fact that the British Commonwealth of Nations is an entity whose individual members are scattered all over the world. There exists no counterpart of the relationship of each member of the British Empire to other members and of each member to the whole. At the outbreak of many wars which might conceivably arise, the probabilities are that at first the United States would not be drawn in. This fact has led Americans to regard themselves as the Great Neutral in case of war. Britain has inclined to take the far-horizon view; we have inclined to the shorter-range view.

Translating this into naval parlance, we may say that Great Britain takes the view imposed by strategy, while we adopt what might be called the tactical view. Our past experience has been more on the order of the individual ship engagement. The picture Great Britain sees is more on the order of the World Battle. In

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our individual engagements we have found that ruggedness and strength are all-important factors, leading us to favor these fighting qualities in each type of ship and in each individual of that type. Great Britain of course recognizes these essentials, but her wide-flung world responsibilities force her, in view of treaty limitations on tonnage and in view also of expense, to place an importance on numbers of ships greater than the importance which we give to numbers once our mass or fleet needs are met. We build the biggest and best in each type of ship that the law allows. Our defense problem, in case we are forced into war, tells us this policy is correct. It also fits perfectly the problem confronting us as the Great Neutral.

However, there are also more specific and particular matters which determine our conclusions. Admiral Sir Herbert Richmond in an excellent book which he has just published,[1] and in his two articles in FOREIGN AFFAIRS,[2] sets forth at length his thesis that the purpose of sea power could be accomplished just as effectively if the ships constituting the backbone of naval strength, the battleships, and those a part of whose duty it is to serve as the eyes of the fleet, the cruisers, were reduced drastically in size. He makes a very able plea that the cost of maintaining a larger naval establishment would then be appreciably less. This is quite true, and in theory and in principle the argument is sound. British naval authorities themselves, though they do not go to the lengths advocated by Admiral Richmond, still would like to see substantial reductions made in the size of battleships and cruisers. It is the Admiral's contention that ships grew in size due to the struggle for ascendancy between the gun and armor, and that there is no logical reason why we should not reduce in size immediately.

The problem is not quite so simple. While it is quite true that the rivalry between gun and armor did help to increase the size of fighting ships, it is also true that naval ships grew in size and speed — like the merchant marine, like the machines in industrial plants — due to perfectly natural causes incident to the characteristics of the age in which we live. There also grew apace, to match the times, those auxiliaries of the battleship, the destroyer and the submarine, while their principal weapon, the

[1] "Sea Power in the Modern World." New York: Reynal and Hitchcock, 1934.

[2] "Immediate Problems of Naval Reduction," April 1931; "Naval Problems of 1935," October 1934. Other recent articles on naval problems published in FOREIGN AFFAIRS have been "The Setting for the 1935 Naval Conference," by Admiral William V. Pratt, July 1934, and "Japan's Demand for Naval Equality," by Admiral Kichisaburo Nomura, January 1935. *Editor's Note.*

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torpedo, carried ever greater and more powerful charges of high explosive. The deadly mine, hidden under the waters, became a greater and greater menace. Then the aircraft arrived, with its air bombers capable of dropping huge charges of high explosive. Now were it true that any of these auxiliaries — the aircraft, the destroyer, the submarine — could replace the fighting heart of the fleet, the battleship, and its eyes, the cruiser, and still preserve the essentials of sea power, and if it were able to do so at smaller costs than those of the present system, then let them assume that rôle. The history of military art reveals, however, that whatever the first claims be, in the end the fundamental and essential is never replaced by the auxiliary.

To grasp this it might be well to state what the essentials of sea power are. Says Admiral Richmond: "It has consisted in the power to control movements at sea. Sea power is power in that form which enables its possessor and prevents his opponent from moving military forces by sea; which prevents an opponent from receiving, by way of the sea, the goods he needs, either for his people or his fighting forces, and sending across the sea in exchange the goods with which he pays for them." It permits the possessor to do those things which he denies to his opponent. Ever the old and tried fundamentals of war have reasserted themselves and proven true against newer claimants; always the new weapon has proven itself to be the auxiliary — a very useful one sometimes, but auxiliary nevertheless — of the main weapon, the gun; and the ships which carry this weapon are still the main vehicle for enforcing sea power. They live day in and day out in all sorts of weather, keeping their silent watch or prescribing the conduct of hostilities. Despite all the claims its proponents make for it, in a military sense, air power can never replace land-based man power, nor in the naval sense can it replace the fighting heart of naval strength. As to money expenditures, in order to effect the desired results the auxiliary arms have proven themselves more costly in the end. Per ton of efficiency, the battleship is the cheapest naval investment we have, and the longest lived. It has grown in size, and maintains its size, largely in order that it may be able to protect itself against the newer weapons of attack, the torpedo and the air bomb. By all means let us reduce the size and costs of capital ships whenever possible, but let us know just what we are doing, and let the attempt be made along constructive and not along destructive lines.

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Were it not for Great Britain's impelling necessity for numbers, and the attendant cost of constructing the present-size battleships, it is doubtful if the British viewpoint would differ much from our own. Take an assumed total tonnage of 350,000 tons. Out of this may be constructed ten 35,000-ton battleships, carrying 16″ guns, or fourteen 25,000-ton vessels carrying a less powerful armament both for offense and defense against gun, torpedo, mine or air bomb. Which force do you think the sound naval tactician would choose? Probably the almost unanimous decision under present conditions would be for the ten-ship force; and the disproportion grows as the total tonnage increases. Other factors being equal, the total cost of constructing the ten-ship force should be considerably less than that involved in constructing the fourteen-ship force. Wherein, then, is the American policy unsound in building the ships which American naval men think will satisfy their own needs best?

This answer is nevertheless not entirely satisfactory to those whose needs differ from our own, nor does it meet the desires of those who, while not held responsible for the results of the advice they give, would like to see expenditures curtailed regardless of efficiency. Let us approach the problem, then, from a different angle. Let us imagine that some day, following the plan of limitation of armaments, it might be found possible to abolish the submarine, prohibit the offensive mining of the seas, restrict defensive mining to stated distances off one's own shores, prohibit bombing from the air, limit the size of torpedoes just as the calibre of guns is now limited. In that case the entire picture would change. The principal elements in a battleship to be considered are gun, armor, vulnerability to under-water attack and to attack from the air, and fuel capacity. Speed is not so essential in this class of ship as invulnerability. So long as a ship remains vulnerable to under-water attack, the gun and the armor and the displacement to carry them are matters of smaller moment. This suggests the logical line of approach to the problem of displacement when artificial methods such as limitation by agreement are tried. Considerable tonnage must be builded into a vessel to care for the vulnerability factor. Remove the dangers, and it will be more easily possible to arrive at compromise figures for gun and armor and displacement.

Regarding the cruiser, Admiral Richmond has this to say in the section of his book dealing with overseas bases: "This element of sea power is very far from being a 'mere' matter of abstract prin-

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ciples. It has one particularly practical application, which affects the costs of navies today. For three reasons the United States has opposed a reduction in the size of the 'cruisers' to a figure well below that so unthinkingly adopted at Washington." The first two of the objections stated refer to the importance of cruisers in comparison to merchant marine ships, and are subservient to the third objection. The author's statement of our third claim is, "that a nation which has no oversea possessions requires these large ships in consequence of the great distances across which naval action has to take place." This comes nearer to the mark. In all fairness it should be stated that at the time of the Washington Conference we had no cruisers nearly so large as 10,000 tons (our largest was 7,050 tons), but Great Britain did have. So when the suggestion was made to accept 10,000 tons as the upper limit for the size of the individual unit, it was agreeable to us. Somewhat contrary to expectations, we have since developed an excellent vessel. The fact that we do not have any overseas bases where we can overhaul, supply and dock has handicapped us in one of the essential elements of sea power, but we have attempted partially to overcome this handicap by greater attention to the service of transport and supply which, as an army commander knows, is vital to the forces at the front. This inherent weakness causes us to stress greater carrying capacity, greater strength and greater power of survival in each individual unit, to the end that we will have an efficient, compact fighting fleet capable of long-range work. To make amends — if amends be required for the position we take — and realizing fully that a 10,000-ton 8″ cruiser is probably much better than a smaller one armed with the 6″ gun, and to compensate those who require more cruisers than we do, we have always been willing to write an adjusting or compensating clause into any agreement, as was done in the London Treaty, whereby those that took more 8″ cruisers got fewer 6″ cruisers and a smaller total tonnage and numbers of ships.

In our building programs we have always constructed the largest and strongest in type: we have never believed much in what might be called in-between ships. Some day it may be possible to fix a lower upper tonnage limit for the individual cruiser and return to the 6″-gun for its armament. But this much is assured: whatever limit is agreed upon, it should be sufficient to give us the cruising radius we feel we need, and of that we are better judges than anyone else. Moreover, the time chosen for

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this transition should be propitious, for it is these transition periods which cause the naval expert much anxiety.

I have compared our approach to technical naval problems with that of the British. Do any technical differences exist between ourselves and France, Italy and Japan? In the past there have been no differences to speak of between Italy and ourselves. With France we are in general agreement except in the matter of the submarine. Until recently our stand regarding technical matters was fairly well in accord with that of Japan — except in the matter of submarines, where Japan stood with France. Lately Japan has come out with a set of new naval definitions of her own coinage and suited to her own needs, without any special regard to historical precedent, namely that battleships and aircraft carriers are offensive ships and submarines are defensive. This argument will not stand scrutiny. It is the manner in which these ships are used which makes of them offensive or defensive weapons, and of course any one of them can be used in either way easily.

Is the submarine really the efficient naval craft its proponents claim it to be? At the beginning of the World War the primary rôle of the submarine was supposed to be defensive, that is, it was designed to work fairly close to and in defense of one's own shores. It thus acted much in the manner of a movable under-water mine. Very soon, however, it pushed out and began to act directly against the enemy — that is, in what in technical parlance is known as offensive operations. It sought the enemy, instead of waiting to be sought. It first sought out warships built to fight warships, and in the beginning it was extremely successful. It sank several old battleships and was looked upon as a deadly menace, the counter for which had not yet been found.

But little by little the counter to the submarine was discovered. Listening devices and tracking methods were developed; great numbers of destroyers to run down the submarine were built, these craft also being fitted to drop depth charges, an under-water barrage of mines timed to explode at any required depth; nets and a very deadly form of mine were developed; aircraft came into the picture to spot the submarine and to attack it; large ships had both internal and external protection against the torpedo built into their hulls, making them proof against one or possibly even more explosions. Large ships learned to fan out, instead of remaining as closely bunched as formerly; they steamed at higher speeds, and learned to zigzag instead of following a

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steady course. When necessary, they learned to obscure their movements by smoke screens. And they were accompanied always by their little protectors, the destroyers. The destroyers, able to dart about at high speed and having light draft, were never themselves in any very serious danger of being struck by the submarine's torpedo; but in turn they became a serious menace to the submarine itself. The tables were turned.

Unable any longer to act efficiently against fighting ships, except largely as a matter of chance, the submarine then turned its attention to the unprotected merchant ships, especially those of low speed. Once again these operations were most successful, and the situation facing the Allies was fraught with great peril, even though against merchant ships of high speed using the proper tactics in submarine waters the percentage of sinkings was not unduly high. Again a partial counter was developed — the convoy system, with protection by destroyers. Owing to the merchant ship's inherent characteristics, the submarine is always a menace to it regardless of what protective methods may be taken. So, too, owing to the submarine's inherent characteristics, the normal target of the submarine in the end becomes the merchant ship and not the fighting ship. In this respect its operations must resemble much the air bombing raids conducted against the unprotected civilian population behind the fighting lines. To build a submarine costs twice as much per ton as it costs to build a ship that floats on the surface, and when it is built its active life is one-half that of the larger ships. If at any time in its career it fails to qualify in a deep submergence test its usefulness is over, and it is liable to become the coffin of its crew. True, it is the one type of ship which can put out when a nation does not control the surface of the sea, and move toward an enemy to gain information; but if it is called upon to fight, its most effective target is the unprotected merchant ship. This is the craft which some attempt to call a defensive weapon. Its record speaks for itself, and is its own condemnation; but if one nation insists upon retaining the type the others must do so in self-defense.

In passing, it might be well to notice that by the London Treaty there was provided, in the exempt tonnage class, a small 2000 ton vessel of 20 knots speed carrying four 6″ guns. This craft is handy for the nations with big navies; but it should be especially useful to countries which cannot or do not wish to go in for great naval tonnage. On account of its all-around ability,

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the latter will probably find it in the long run more serviceable and efficient than any of the smaller special types like the destroyer and submarine.

The aircraft carrier does not seem to present any great problem. Despite the efforts which may be made to do away with the type, it has probably come to stay. Even were bombing abolished, it has other uses which make it valuable. The total carrier tonnage is small — 135,000 tons — compared to the total tonnages in the battleship and cruiser classes. The Washington Treaty set an upper limit of 27,000 tons for the individual unit. This undoubtedly is too large and could be reduced if there were any point in asking for such a reduction. Not huge size, but speed, habitability, certain sea qualities and adequate protection against air and small surface craft are the first essentials for the air craft carrier.

In the matter of the destroyer type there have been very few disagreements. At best it is a comparatively small ship. If ever the submarine is abolished the number of destroyers could probably be reduced, since one of their major activities would have been removed.

The technical matters which I have indicated here may present difficulties at the coming naval conference. But after all, the main question is political. It must be this: Will the good beginning in the establishment of security and the preservation of peace made at the Washington Conference be allowed to pass into the limbo of forgotten things?

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# THE POLITICAL FUTURE OF INDIA

*By Viscount Halifax*

BY THE time these words appear in print, Parliament will be well seized of the new Government of India Bill. We shall be within sight of the end of that long process of inquiry and deliberation which began as far back as the autumn of 1927 when the Statutory Commission — better known as the Simon Commission — was nominated. Students of Indian affairs will not need to be reminded of the various stages between that inaugural step and the publication of the Joint Select Committee's Report last November. The highest point of importance and interest was reached in the two-years-long Round Table Conference, when the representatives of Great Britain and India met on free and equal terms to take counsel together on the whole question of India's future system of government. The White Paper, based upon those discussions and published in 1933, contained the proposals of His Majesty's Government for the future constitution of India. The Joint Committee has examined and reported on them, and now Parliament itself is called to complete the work of more than seven years. It may be useful, therefore, to look back at the whole great area which has been traversed, and, in the light of the knowledge and experience gained during the past seven years, to reinterpret our subject, setting its outstanding features in just perspective, and marking the spot to which our labors have now brought us.

Fortunately I need not discuss the basic considerations which must govern all serious thinking on the subject of Indian government. This has been done for the readers of FOREIGN AFFAIRS by Lord Reading, my predecessor in the Viceroyalty of India, in the issue for July 1933. His article brought us to the eve of the publication of the White Paper, which has since been examined by the Joint Committee selected from members of the House of Lords and House of Commons, appointed in 1933. The legislation now introduced in Parliament is founded on the Report of this Committee, and it is accordingly with the Committee's recommendations that this article is concerned.

As regards the Committee itself, it would be difficult to conceive of a more authoritative British tribunal than this which was drawn from the two Houses of Parliament. Moreover, in view of the unique importance of its work, this particular Committee was

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chosen with peculiar care and deliberation. Eighteen out of its thirty-one members had had official connection with Indian Government affairs. Among these eighteen were three ex-Viceroys, three Secretaries of State for India, three Governors of Indian provinces, and three members of the Simon Commission, including Sir John Simon himself. Its Chairman had presided over a Royal Commission appointed to inquire into Indian agriculture, which is the principal foundation of Indian life. Each of the three political parties was represented by distinguished members. It may fairly be said, therefore, that the Committee was about as adequate as humanly possible to the great task entrusted to it.

After eighteen months' concentrated work, the Joint Select Committee published its Report on November 21, 1934. The Report falls into six sections. It opens with a survey of the principles of a constitutional settlement for India, and this is followed by five sections on the provinces of British India; the Federation of All-India; the Central Government (that is, the government of the Federation); and certain special subjects, notably finance. Finally, there is a section on Burma, which the Report recommends should be separated from India.

The main structure of the White Paper proposals is left unaltered by the Report. That is to say, the Report has recommended that provision should be made in an Act of Parliament to put into effect the following three main principles:

a. Autonomy for the British Provinces, with certain reserved powers in the hands of the governor.

b. A Federation of All-India, the constituent units being the Provinces of British India and the Indian States under their own hereditary rulers.

c. Responsibility in the Federal Government, with certain limitations, *e.g.* defense and foreign affairs are to be reserved to the Governor-General, who is also to have certain special powers to enable him to carry out certain responsibilities to the British Parliament.

This synopsis of the proposals, bald as it is, reveals the scope and range of the suggested changes in Indian government.

It will be seen that the status of the Provinces of British India under the proposals is to be materially different from what it has been in the past. Briefly, in order to enable them to enter into the Federation on even terms with the Indian States, they have to be made autonomous. Dyarchy, that "singular device" as Lord Reading called it, by which part only of the administration was handed over to the control of ministers chosen from and respon-

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sible to the provincial legislature, is ended. All departments of government are now to be transferred to the ministers responsible to provincial legislatures, enlarged, and made more representative. The Governors of Provinces are to have special powers to enable them to discharge their responsibilities to Parliament for the peace and good government of their respective charges.

Above all, India as we know it today will have, for the first time in her history, a common government; and in this lie latent immense potentialities, both spiritual and material. The creation of an all-India Federal Government is recommended for the eleven Provinces of British India and such Indian States as desire to accede. While there is to be no change in the domestic government of the Indian States, or in the relations between their rulers and the crown, and while practically all that field of government which touches the day-to-day life of the man in the street or village will fall within the provincial sphere, the Federation will deal with such All-India matters as currency and tariffs, migration and immigration from and into India, maritime shipping, a large area of the vastly important field of communications, and most of the scientific activities of the Government and many others. Defense and foreign relations, though essentially of course all-India matters, remain outside the scope of the responsible Federal Government, inasmuch as it seemed to the Committee impossible to place a large portion of the British Army still required for Indian defense under any control but that of the Imperial Parliament; and foreign relations are closely and inevitably connected with defense. For these two important subjects, therefore, the Governor-General will remain directly responsible, as he is at present, to the Secretary of State for India, and, through him, to the British Parliament.

The Federal Legislature is to consist of two houses, in both of which the representatives of British India will be chosen by indirect election. The representatives of the Indian States will be nominated by the States themselves. The Provinces of British India will each have an elected legislature chosen by direct election, on a franchise representing about 14 percent of the adult population of British India. The Committee recommended that five out of the eleven Provinces should have upper as well as lower houses, and both in the Federal and in the Provincial bodies provisions are made to secure a quota of seats to minority communities.

The Report thus visualized an India moving, in respect of po-

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litical development, along the lines of responsible self-government, as the British peoples all over the world understand that conception. Both in the Federation and in the Provinces, the Governments will be composed of ministers responsible to their legislative bodies, like ministers in this country and the Dominions. Normally, the Governor-General and the Provincial Governors will act on the advice of ministers, but, for reasons peculiar to India, which the Report fully explains, the Governor-General and the Provincial Governors are given certain exceptional powers to ensure that they may be able to discharge the special duties imposed on them under the Constitution. They are all charged, for example, with the duty of safeguarding minority communities, and for coping with any serious threat to peace and order in their respective jurisdictions. The Governor-General has the additional duty of ensuring the financial stability and credit of India.

The Committee gave special attention to the grave problem of terrorism in India, and made certain proposals additional to those contained in the White Paper. The most important of these is that the Governor of a Province, in order to combat terrorism, should have the power to take under his own control any branch of government which he might find it necessary to use for that purpose.

Among the special subjects discussed, the most important outside finance are those relating to law and order, and the safeguarding of British commercial interests in India. The Committee recommended that recruitment in Britain for the Indian Police, the Indian Civil Service, the Civil Branch of the Indian Medical Service, should be continued, and that all rights enjoyed by the members of the public services should be maintained. Particular attention was directed to the protection of police discipline and judicial independence against political attacks. In the matter of trade discrimination the Committee, while disclaiming any desire to hamper any legitimate economic development in India, recommended that the Governor-General should have a "special responsibility" to prevent the imposition of *penal* tariffs on goods imported from the United Kingdom. Lastly, in order to afford means by which Indian opinion could have the formal opportunity of influencing the opinion of the British Parliament, the Committee advised that the Indian Legislatures should, after ten years, have the right to recommend to the British Government and Parliament the amendment of the Constitution on such matters as the franchise, and the composition of the legislative bodies.

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Such, in broad outline, are the Committee's proposals. And here at the outset is a strange and arresting phenomenon — *autonomous* Provinces of British India. In future the British Provinces will have a status analogous to that of the States of Australia or the United States, instead of being, as formerly, subordinate members of a unitary government of British India. It is true that dyarchy, the characteristic feature of the 1919 Constitution, modifies this statement to some extent. Under the dyarchic system certain important departments of administration were handed over to ministers chosen from among the elected members of the Provincial Councils and responsible to the latter for their actions. Normally, therefore, the Government of India exercised only potential or ultimate control over these ministerial departments, and Provinces thus became quasi-autonomous in respect of them. But now dyarchy is to go, and the Provinces are to be autonomous and their form of government to be the cabinet form with which we are familiar in other British countries.

The other constituents of the Federation, the Indian States, are also to be, *vis-à-vis* the Federal Government, completely autonomous in their domestic affairs, but there is an evident difference between their approach to the Federation and the approach of the British Provinces. The Indian States have to surrender certain of their autonomous powers to the Federation. On the other hand, the Provinces receive a net increase of autonomy in order to make them appropriate units for Federation. The importance of this change in the status of the Provinces is truly fundamental and lies at the heart of the political situation in India today. For under the new constitution every single department of administration in the Provinces will be controlled by a minister who is a member of the Provincial Cabinet. Even law and order, including the control of the police — that is, the pith and marrow of the Provincial administration — are now to go over to ministerial control. And very grave doubts as to the wisdom of this great change, particularly as it affects law and order, have been expressed, not only in Great Britain, but in India too. For the issue is not merely one between this country and India. Indeed, it is primarily one between the different communities and sections of the Indian people themselves.

At this point we touch other elements in the problem, and these must be remembered if we are to understand the full implications of Provincial autonomy and the reason why the forthcoming

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development is being regarded with some apprehension by large numbers of Indians. Excluding Burma, the boundaries of British India were finally determined in 1849, when the Punjab was annexed. That was the climax of a century of conquest and consolidation, during which not only had the territory which now comprises British India passed under British rule, but our relation with the Indian States and their rulers had been clarified and reduced to a system. Among other things, all military and foreign policy in the Indian States became functions of the Government of India. In other words, the *Pax Britannica* was extended over all India, British and Princely India alike. But when this great process of conquest and consolidation began with Clive's campaign, India was the theatre of a number of contending states and kingdoms. The titular head of the whole country was the Great Mogul, the Emperor of Delhi, head of a Mohammedan dynasty, nominally at any rate the overlord of India, as the British are today. It is well known how the Mahrattas, the Sikhs, certain rulers in the Karnatic, and one or two of the imperial satraps, were in rebellion against the Emperor's authority and were carving out a number of separate kingdoms. In other words, the political evolution of India was taking place by the age-old method of military force. Such was the situation when the British began to extend their power over India. The rise of the British power "froze" these conditions. During the generations which have elapsed all sorts of influences — material, intellectual and spiritual — have modified these conditions, without, however, completely transforming or eradicating them.

Throughout the latter half of the nineteenth century, and gathering momentum during the twentieth, a reverse process has been taking place. More and more power has been devolved on Indians themselves. British India has been steadily moving towards self-government based on democratic principles, and a more liberal spirit and expression have been introduced into the constitutions of many of the more important Indian States. In British India at any rate there has been during this period a gradual and steady "unfreezing" of the conditions referred to, and we now find that the process has provided the people of India themselves with some problems of a very formidable kind.

The outstanding problem, as all the world knows, is that which is provided by the relations between Hindus and Moslems, and more generally between the Hindu majority and all the minority

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communities. It will be remembered that at the Round Table Conference the representatives of the majority and minority communities were unable to reach agreement on such vital matters as the proportion of seats to be allotted to the various communities in the Provincial Legislatures, and also in the Federal Legislature. In the end the British Government had to decide this and other disputes for them. Then came Mr. Gandhi's intervention in September 1932, causing certain modifications in the British Government's award, which undoubtedly operate to the detriment of the Hindus, notably in the Punjab and Bengal. The result of all this is that the major topic of interest for most of the voters in India today is precisely this question of the comparative strengths of the various communities in the Provincial Legislatures. Thus in some Provinces the Hindus, in others the Mohammedans, view the forthcoming autonomy with some misgiving. And always the control of the police is foremost in their minds, for this is the executive arm *par excellence* of the administration. It was to meet such anxieties that the Committee recognized the necessity of vesting certain extraordinary powers in the Provincial Governors, to enable them to protect minority rights and ensure the peace and order of their Provinces, and it is satisfactory to find that high police officials and the Indian Police Association, the representative body of the Indian police service, have expressed approval of the transfer of law and order to Indian ministers on the basis recommended by the Committee.

Impressive as are these measures for the future government of the Provinces, the conception which overshadows everything else for those who approach the problem remembering the past history of India is the proposed creation of a Federal Government of All-India. Every other proposal — major and minor — hinges on this great central theme. It is necessary for readers to appreciate how strange and far-reaching this proposal is.

Hitherto the word "India" has been very loosely used. The average person with no Indian experience regards the words "India" and "British India" as synonymous. The better instructed distinguish between "British India" and the Indian States, which comprise roughly about two-fifths of the area of the whole entity properly known as India. There is no need for me to describe here the extreme fragmentation of "Princely" India, since that is one of the facts with which the controversies of the past few years have made us all familiar. What is not so widely known,

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however, is that all India has never yet formed one country for the purpose of government. At different times in the past, as in the days of Akbar and of the great Asoka Maurya, nearly the whole of India has been subject to the sway of one monarch, but the historic Andhra Kingdom of the south was always independent. Moreover, many of the large Indian States, ruled by members of dynasties of great antiquity, had never been fully incorporated into the political life of the Mohammedan or Hindu empires of the past. They have gone their own way and lived their own lives.

It will be seen, therefore, that the creation of a Federal Government of All-India is something far more than the mere agreement of a number of autonomous units to combine together for certain common purposes. It is the first step in the creation of a nation. Further, it is a step which has to be taken in concert by contracting parties of widely different outlook and status. First, there is the British Government, representative of the British people, upon whom must still rest their share of responsibility for the good government of India. Next come the 240 millions or so of British-Indian subjects, with their different and in some cases conflicting interests and communities. Lastly, the Princes, with their peculiar status and multiplicity of rights, legal, personal and customary. It would take me too far afield to discuss the extraordinary complexity of the issues raised by the problem of welding all these different parties, interests, races, communities, rights, claims and counter-claims into one harmonized organic whole. I mention them here in passing because their existence, together with the newness and magnitude of the task which Britain and India are attempting in common, forms the reason for the particular balance of autonomy and limitation which the Joint Select Committee's Report creates.

Of course there is criticism — from different and even opposing quarters — of these proposals. The gravamen of all the criticism is that no clear-cut plan of a new Constitution emerges. The plans for the Provincial Governments are reasonably precise, although, as we shall see, there unavoidably are certain indeterminate lines even there, and, again inevitably, when we get to the Federal Government. We cannot say, for example, exactly how cabinets will be formed. The dividing lines between Federal, Provincial and Indian State functions and powers have still to be defined in legal form, setting just lines of demarcation without opening wide

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doors to litigation. Experience is required in order to adjust the relations between the Provinces of British India and the States, just as it is in order to effect the balance of responsibility between the Federal and the British Governments. But nothing of this can conceal for a moment either the magnitude of the changes now proposed in the Indian Government, or the great extent of power now being devolved on Indians themselves.

Attention has also been drawn by British and foreign as well as Indian critics to the "safeguards" with which the scheme is not too sparingly studded. A more accurate phrase for these would be "emergency powers." For the British Government has always taken the view that there are certain broad parliamentary purposes, such as the preservation of order, the protection of minorities, the credit of India, the fair treatment of British commerce, and the legal rights of the services, for which in the last resort provision must be made in any transfer of power. Actually, it is not easy to estimate the validity of the criticisms of these emergency powers. Some have said that they are so real and all-pervasive that they make responsible government a sham. Others say that these powers are worth no more than the paper they are written upon, and that self-government will, therefore, be a dangerous reality. The Committee felt that in the special conditions of India the measure of responsibility which in their judgment must continue to rest upon this country was not inconsistent with that which they desired to see devolved on Indian shoulders. Rather, the two are complementary and the provision made for continuing British responsibility is meant to foster, and not to strangle, the nascent Indian Constitution.

Again I mention these things for a reason. They arise, as I said above, out of the historic and political and social conditions of India, and they reflect all the fundamental conditions which govern public life and politics in India today. They are not merely artificial devices to protect British interests. There is, indeed, nothing unnatural or artificial in these proposals. They are rather the definition, in more or less precise constitutional form, of the conditions in which a new nation is being brought to birth by the Mother of Parliaments herself. And this offspring is as legitimate as her other children, the Constitutions of Canada, Australia, New Zealand and South Africa. We are witnessing a process of evolution, and that which now occupies the attention of the British Parliament, as it occupied that of the Joint Select

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Committee, is the effort to interpret correctly the lines which the evolution is taking, and to establish the conditions for its future safe and healthy progress.

In one of the most striking passages of its Report the Committee has shown that any attempt to copy British institutions by the mere reproduction of the written provisions of the constitutional law of the United Kingdom would ignore the existence of many important factors necessary to the proper working of parliamentary government, but which in the United Kingdom have only the sanction of centuries of custom. The successful working of parliamentary government in India therefore is bound to depend on the translation of these conventions of the British Constitution into statutory emergency powers. To sum up, the latter are designed to secure four main objectives: flexibility, so that the Constitution shall contain within itself the seeds of growth; strong executives in the Provinces, essential in the absence of disciplined political parties; efficient administration — for no country depends to a greater degree than India upon its administration; and an impartial authority to hold the scales between conflicting interests.

One other important matter, in which the conclusions of the Joint Select Committee diverged from the White Paper, calls for mention — the recommendation of a system of indirect election for the British Indian members of the Federal Legislature. This recommendation has given rise to much adverse comment, and it is desirable to repeat that the Committee make it possible for the Indian Legislature to lay their own proposals before Parliament in regard to this matter at some future date. It is obvious that constituencies which might contain almost half a million electors, and be as large as England, are not really practical units for a democratic representative system. Indirect election may fairly be judged more workmanlike and equitable, and, as I have said, it is open to the Indian Legislatures themselves to recommend the adoption of another system if they desire to do so after a certain lapse of time.

I have now outlined the great scheme which the Imperial Parliament has before it. It is no less than the drafting of a new Constitution for one-fifth of the earth's inhabitants; drawn from a multiplicity of races, speaking many different dialects and languages, some with civilizations more ancient than ours, others sunk from all time in an abyss of depression; cleft by religion into seemingly unbridgeable divisions, divisions themselves sub-

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divided into mutually antagonistic groupings of caste and subcaste. Yet over this vast diversity, in the short span of years for which we have been in any way responsible for Indian destinies, the British have brought an amazing transformation and a sense of national unity such as India had never known. The Committee were not slow to apprehend what had been the inevitable reaction of all these contacts which the circumstances of nearly two centuries had been instrumental in creating. They said:

> The plea put forward by Indian public men on behalf of India is essentially a plea to be allowed the opportunity of applying principles and doctrines which England herself has taught; and all sections of public opinion in this country are agreed in principle that this plea should be admitted. No one has suggested that any retrograde step should be taken, very few that the existing state of things should be maintained unaltered. . . . By general admission, the time has come for Parliament to share its power with those whom for generations it has sought to train in the arts of government; and, whatever may be the measure of the power thus to be transferred, we are confident that Parliament, in consonance with its own dignity and with the traditions of the British people, will make the transfer generously and in no grudging spirit.

It is the proposals to give reality to these purposes which both Houses of Parliament have approved by overwhelming majorities. The British people are prepared to play their part. The next immediate step is with India.

Few who know India at all intimately will have been surprised that the Joint Select Committee's Report should have evoked much sharp and bitter comment from Indian critics. It could hardly have been otherwise, and those who see in the results of the general elections to the Indian Legislative Assembly last October and November a conclusive and final proof of Indian disapproval fail to allow for powerful forces that will be steadily at work to redress the balance. In this matter the public both of Great Britain and India must be on its guard against short views that come in to distort true perspective. Prophecy is proverbially dangerous. But I see no reason to doubt that Indians will work this Constitution, or that, in doing so, they will realize how great an opportunity it offers them; because it contains the vital principle of responsibility which all our constitutional experience has shown to be the true seedbed of growth for every British Dominion in turn. For this reason I dare confidently to predict that when such a Constitution as is foreshadowed is in operation it will be found invested with a magnetic force strong enough to make it impossible for responsible men in India to stand aside.

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# SOVIET TABOOS

*By William Henry Chamberlin*

THE task of the foreign journalist who tries to report conditions in the large sections of Europe now ruled by dictatorships is delicate and difficult. When it is a matter of inflicting suffering upon individuals or classes which block the realization of their goals, dictators are hardboiled to the last degree. But they are as sensitive as the most temperamental artist when the effects of their ruthless policies are criticized, or even when they are stated objectively without comment. The foreign correspondent who disregards this sensitiveness, hews to the line of factual reporting, and does not hide behind softening euphemisms and compromise phrases, works under a Sword of Damocles — the threat of expulsion from the country or of the refusal of permission to reënter it, which of course amounts to the same thing.

A typical illustration of the workings of the dictatorial mind was the angry and outraged reaction of the Soviet officials to a message sent out by a foreign correspondent in the winter of 1932–1933 about the deportation *en masse* of the greater part of the population of several Cossack villages in the Kuban Territory where the peasants, with a keen sense of impending famine, had endeavored to conceal grain from the state requisitionings. These deportations were not mentioned in the Moscow newspapers, but received a good deal of detailed publicity in *Molot*, the Soviet newspaper published in the regional center, Rostov-on-the-Don. The correspondent, therefore, had unimpeachable official authority for reporting the fact of the deportations; yet the censor refused to pass his message when it was submitted as a press telegram, and was very indignant when the correspondent sent it out by mail. It was considered distinctly bad form to write in specific and positive terms about the process of driving from their homes and exiling to the bleak wastes of Siberia tens of thousands of people, including old men, women and children. A more figurative and generalized description of the fate of these Kuban peasants, couched in some such terms as "state-encouraged colonization of Russia's unsettled open spaces" or of "eggs being broken in order to make the socialist omelette" would, of course, have been the way to treat the matter.

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Inasmuch as my own journalistic experience has been confined to the Soviet Union, I propose to restrict myself to a description of the official taboos which I learned to identify and recognize there, leaving to colleagues who have had experience under other forms of dictatorship to fill out the picture by listing the official inhibitions of other countries. Since the Soviet system of government represents a dictatorship of the most perfected type, and is second to no régime in the world in its technique of detecting and crushing the faintest symptoms of political criticism and opposition, the official pressure of various kinds which is brought to bear on foreign journalists in Russia naturally is vastly greater than would be conceivable in a democratic country and rather stronger than is customary under dictatorships, so far as I can judge by comparing notes with journalists who have worked under dictatorships of the fascist and military type. Thus the Soviet Government is unique, I think, in enforcing a preliminary censorship of all press telegrams; and its action in 1933 in refusing to permit foreign journalists to leave Moscow without special permission is unprecedented, at least in European countries.

Among the aspects of Soviet life on which, as a result of official taboos, very imperfect and incomplete information has reached the outside world during recent years, I would especially mention: the great famine of 1932–1933; the permanent administrative system of arbitrary arrests, followed by exile to forced labor under inhuman conditions; the persecution of religion; and the depreciation of the Soviet ruble.

## I. "FAMINE"

To anyone who lived in Russia in 1933 and who kept his eyes and ears open the historicity of the famine is simply not open to question. There may be differences of opinion about the causes of the famine, about the probable number of victims, about the conclusions to be drawn from it. But it is beyond dispute that an enormous mortality—from outright starvation, from typhus, from influenza and other diseases to which there was less than normal resistance because of the starved condition of the peasants — took place in the rural districts of Ukraina, the North Caucasus, the Lower and Middle Volga and Central Asia. Foreign residents of Ukraina with whom I talked in the autumn of 1933 estimated the mortality at seven or eight million. A Communist acquaintance in Ukraina with whom I discussed the question

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after I had returned from a trip of investigation in the regions which had been hardest hit, admitted in strictly private conversation that a million people, over and above the normal death rate, had probably perished there. However, he cast the blame for the catastrophe on the obstinacy of the peasants themselves and endeavored to divert attention from the corpses of the present to the hypothetical happy collective farmers of the future.

Officially there was no famine. For the controlled Soviet press and for the censor who kept a watchful eye on foreign press messages it simply did not exist. Correspondents could refer to "acute food shortage," "food stringency," "food deficit" (to cite a delightful euphemism which I noticed recently), "diseases due to malnutrition," etc. — phrases which, to the American reader, unversed in the art of reading between the lines of messages written under a dictatorship, would suggest that Ukraina and the North Caucasus were experiencing hard times something like those one would find in a city or county with a serious and prolonged local relief problem.

During the period of the famine the censorship was greatly aided by the introduction of a new ruling under which correspondents might not leave Moscow without submitting a detailed itinerary and obtaining special travel permission from the Commissariat for Foreign Affairs. Permissions were systematically withheld when it was a question of travelling in the rural regions of Ukraina and the North Caucasus. It was only with considerable difficulty that the sole French correspondent in Moscow obtained permission to meet M. Herriot, arriving on a goodwill tour in Odessa. The correspondent was strictly forbidden to stray off the route which had been marked out for Herriot and his party, from which, naturally, all unpleasant traces of famine had been carefully removed.

In view of this situation, resident correspondents in Moscow could not be expected to risk expulsion by writing famine stories on the basis of rumors which reached Moscow, but which might conceivably be greatly exaggerated, and which could not be verified by personal investigation. The story of the famine, which rivalled the famine of 1921–1922 in taking more victims than any other disaster since the World War, was effectively "killed." By the time permission to travel in the rural districts was again extended, in the autumn of 1933, a favorable new harvest had been reaped; the more ghastly visible traces of starva-

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tion had been removed; the story of the famine, from a news standpoint, no longer rated the front page. It had become ancient history.

Even history, however, has its uses and its lessons; and a brief description of what I found during a trip of investigation in three widely separated districts, one in the North Caucasus and two in Ukraina, may indicate how far the Soviet official taboo on the question of famine distorted outside opinion about the course of Russia's agricultural reorganization and the price which it was exacting.

In the Kavkazkaya district of the North Caucasus I found an appalling deterioration in the physical condition of a region that before the World War and after the recovery from revolution and civil war had been one of the most fertile in Russia. The herds of cattle and flocks of sheep had shrunk almost to nothing; the fields were fairly choked with weeds; the fierce, snapping dogs, always a feature of the typical Cossack village, had vanished, having died or been eaten up. In the first house which I entered, quite at random, there were three survivors, an older Cossack woman, her daughter, and the small baby of the latter. In that household there had been seven victims: the brother of the younger woman, his wife and five children. In one of the larger Cossack villages, Kazanskaya, the head of the local Soviet, a man named Nemov, assured me that peasant estimates of a mortality of a third or a half of the population were greatly exaggerated. "I can assure you," he said to me, "on the basis of our official figures, that only 850 died out of a former population of 8,000."

In Poltava, center of a formerly rich farming region in Northern Ukraina, the maid in the hotel where I stopped burst out with a vivid and quite unsolicited account of the terrible scenes which the town had lived through during the winter and spring: dying children clinging to dead parents; carts making their rounds and picking up the corpses lying in the streets. Her testimony was confirmed by scores of people with whom I talked in the town and in the surrounding villages.

The third district which I visited was in the sugar-beet country west of the Dnieper, in the neighborhood of Belaya Tserkov, southwest of Kiev. Here, in one village, Cherkass, which is a few miles south of Belaya Tserkov, I was told by the secretary of the local Soviet, an Ukrainian Young Communist named Fishenko, that about 600 of the village's 2,000 inhabitants had perished. Cherkass was much the worst place that I found.

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An estimate of a mortality of ten percent — lower in the towns, slightly higher in the villages — for Ukraina, the North Caucasus and the other regions which suffered from famine would, I believe, be conservative and moderate. If we make allowance for a normal mortality of perhaps two and a half percent, this means that approximately four million people died as a result of famine. The phrases about "food stringency" and "diseases due to malnutrition" which could be reconciled with the Soviet taboo scarcely conveyed to the world an adequate idea of this situation.

Regarding the causes of the famine I obtained an enlightening expression of opinion from Mr. Mezhuev, President of the Poltava District Soviet Executive Committee. Mr. Mezhuev personally made the impression of being a humane and likable man who had done what he could, with quite inadequate means, to relieve some of the worst consequences of the famine by organizing a campaign to pick up the numerous orphaned children in Poltava and neighboring villages and place them with peasant families or in children's homes. It was all the more striking, therefore, to hear him admit that there had been a purposeful element in the famine. I had suggested, as diplomatically as possible, that the loss of life might have been averted if the requisitions of the peasants' grain had been suspended or if food had been imported from abroad. Mezhuev replied deliberately, weighing his words carefully: "To have imported grain from abroad would have been injurious to our prestige. To have relaxed the requisitions would have meant that the peasants never would have worked hard again, because they would have always expected the Government to come to their aid. The Government went on the path which it chose consciously (*soznatelno*)."

On the spot the realities of the famine were not open to question. But in Moscow the game of pretending that it never occurred, for the benefit of the credulous foreign tourist, continued. An official in the Commissariat for Health, to whom I addressed an inquiry about the number of deaths from famine, probably taking me for a newly arrived visitor, blandly replied: "Such a question could only excite a smile. There have been no deaths from hunger at all."

## II. "FORCED LABOR"

A second very emphatic taboo concerns the widespread system of forced labor and the general technique of administrative re-

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pression. The bold and harsh expression "forced labor" is not allowed to pass the Soviet censorship, always being altered to the more harmless-sounding "labor of prisoners." More significant than these verbal niceties is the circumstance that no independent foreign observer has been permitted to visit the huge concentration camps organized by the formidable OGPU and carried on under the direction of that body after its absorption into the new Commissariat for Internal Affairs.[1]

Early in 1931, Premier Molotov, at a session of a Congress of Soviets, expressed great indignation at the stories of forced labor in Soviet timber camps which had appeared in foreign countries. There were, he admitted, 60,000 prisoners, employed on road and canal building, misguided spirits whom the Soviet régime was reclaiming for useful citizenship, even making provision for their spiritual welfare by carrying on "political cultural educational work" among them. But allegations of forced labor in timber camps were base inventions; and foreign journalists, who "enjoyed freedom of movement," were invited by the Premier to investigate conditions for themselves.

The writer of this article, somewhat naïvely, took Premier Molotov at his word and set out for the forest region of Karelia, where there were known to be a large number of prison camps under the direction of the OGPU. But while the local authorities were willing to facilitate visits to peasant villages where timber-cutting was a regular occupation of the inhabitants (concerning which, incidentally, no stories of special cruelty and hardship had ever been published), a request to visit the huge penal colony on the Solovetzky Islands or some of the other OGPU concentration camps met with curt refusal from the camp commandants. The Karelian civilian Soviet authorities were helpless in the matter. A Canadian woman journalist who subsequently attempted to visit the camps was not only refused admittance, but was summarily expelled from the Soviet Union when she wrote some articles about the forced labor system which offended the OGPU's sensitive nerves.

The system, whether one calls it "forced labor" or "labor of prisoners," works out in practice as follows. Masses of people are rounded up, herded like cattle in freight-cars and transported either to timber camps in the remote northern regions of European Russia and Siberia or to big new construction enterprises

[1] *Cf.* the author's "The Evolution of Soviet Terrorism," FOREIGN AFFAIRS, October 1934.

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such as the Magnitogorsk and Kuznetzk steel plants, the Cheliabinsk tractor factory, or the canals which have been built between the White and Baltic Seas and which are now in process of construction between the Volga and Moscow Rivers. Here they are given the alternative of starvation or of working long hours at hard unskilled work for a bare subsistence ration. So-called *kulaks*, former well-to-do peasants and peasants who opposed collectivization, constitute the main source of recruits for this huge army of industrial peonage, the numbers of which at any one time have certainly not been less than one million and today are probably in the neighborhood of two million. But one also finds priests, engineers convicted of "sabotage," workers who have violated disciplinary rules, Soviet citizens of all classes who have fallen foul of the farflung system of administrative repression.

A student of comparative terrorism might be interested in the implications of one of the very few definite statements which the Soviet authorities have ever made on the number of its forced-labor prisoners. In the summer of 1933, at the time of the completion of the canal between the Baltic and White Seas, built entirely under the supervision of the OGPU with the labor of its industrial peons, a communiqué stated that 71,000 persons had received complete or partial amnesty. At the height of the Hitler terror in Germany there were never so many prisoners in all the German concentration camps. And this figure of 71,000 covered only *part* of the prisoners in *one* of a great many Soviet concentration camps.

The policy of excluding foreign journalists from the camps, and the extreme skittishness which the censor displays when a correspondent attempts to refer to forced labor or to executions and acts of wholesale banishment which have not been officially reported in the Soviet press, tend to draw a pretty effective veil over one of the less attractive sides of life under the Soviets. Occasionally the issue of forced labor in the Soviet Union is confused by the suggestion that prisoners in all countries are obliged to work. What is objectionable in the Soviet system of forced labor camps is not the labor system *per se*, but the incarceration of enormous numbers of people without any pretense of fair trial, the abominable conditions of food and housing which are described by former inmates (most recently by Professor Tchernavin, a distinguished ichthyologist, who succeeded in escaping with his wife and child), and the systematic overwork.

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### III. "RELIGIOUS PERSECUTION"

A third taboo applies to any description of the persecution of religion in Russia. A foreign correspondent in Moscow is effectively quarantined against contact with the leaders of any Russian religious organization. Any communication to the foreign press of specific facts regarding the arrest of priests or ministers, the arbitrary closing of churches, or discrimination against persons professing religious belief, would lead to swift and merciless reprisals in the form of wholesale arrests and deportations. I was in Germany during an acute phase of the struggle between Reichsbischof Mueller and the opposition forces in the German Lutheran Church. I was amazed at the possibility which the opposition found to state its case in privately circulated pamphlets and in declarations from the pulpit, and also at the full reports on the situation which reached the foreign correspondents and were telegraphed abroad. Nothing of the kind could have occurred in Russia.

The fact of religious persecution, like the fact of the 1933 famine or the fact of the widespread resort to forced labor, is not open to serious question. In considering Soviet policy towards religion one can draw a line of distinction between some features of it which do not imply persecution and other aspects which clearly do. The confiscation of the landed property of the Church, the separation of Church and State, the elimination of religious teaching in the schools, the facilities given anti-religious propaganda — such measures cannot reasonably be described as "persecution." On the other hand, the word can quite properly be applied to such familiar legislative and administrative practices as the refusal to permit the printing or importation of religious books, the suppression of practically all institutions for the training of priests and ministers of all creeds, the refusal to permit churches to carry on any kind of charitable or recreation activity among their members, the barring of children of priests from higher education, the frequent arbitrary closing of churches, and the arrest and deportation of priests, ministers and other persons who are active in religious work. I do not think that anyone familiar with the facts of Russian religious life today would fail to recognize that representatives of all religious faiths are being persecuted at least as vigorously as Dissenters and Catholics were persecuted under Charles II. But as a result of the Soviet taboo, and the

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effective isolation of foreigners from contact with representatives of Russian religious bodies, the full story of the repressive aspects of the Soviet crusade against all forms of religion is not and cannot be written.

### IV. "THE DEPRECIATED RUBLE"

Another taboo relates to that highly changeable and peculiar unit of currency, the Soviet ruble. Officially the ruble has remained as firm as the Rock of Gibraltar throughout the storms and stresses of the world financial crisis. Officially, the dollar now buys only 1.12 rubles as against 1.94 before the American devaluation. The unofficial facts in regard to the status of the ruble are substantially different from the official fiction. The free market rate in Moscow is not 1.12 rubles to the dollar but 40 rubles to the dollar; and still higher prices are quoted in out-of-the-way provincial towns where foreign currency of any kind is even more highly prized.

The depreciation in internal buying power has not been as great as the unofficial rate of exchange would suggest. But it would be extremely conservative to estimate that, taking account of those items in a typical Russian family budget which have advanced moderately as well as those, like food, which have risen in price fantastically, it takes five rubles today to buy what one ruble bought in 1928. During the same period of time paper ruble wages in the Soviet industries approximately doubled. Real wages in the Soviet Union, therefore, declined severely, much more heavily than in West European and American countries where the reduction in money wages was partially compensated by a fall in the cost of living.

But one finds no hint of this certainly relevant fact in any of the Soviet economic publications on the country's progress under planned economy. There the ruble is always treated as an unchanged unit of value, and the edifying moral is drawn that wages constantly rise in the Soviet Union while they constantly fall in the world of decaying capitalism. As for the dispatches of foreign correspondents stationed in Moscow, the censorship strongly deprecates, to put it mildly, any discussion of the Soviet currency and most of all any hint of the extent to which it has depreciated.

Obviously the official taboos on various subjects which prevail under dictatorial forms of government are a serious obstacle to ob-

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jective political and economic study. Equally obviously, nothing particular can be done about them on the spot. Every government has the unquestionable right — unquestionable by foreigners, at any rate — to establish censorship regulations and to bar "undesirable aliens" from its territory. If the Soviet Government chooses to avail itself of the former right and to exercise the second in such a way as to create a systematic blacklist of all foreigners who express themselves critically or even merely too specifically — that is to say, without benefit of softening euphemisms — this is its own concern. But it is perhaps not without advantage for the uninitiated reader of books, magazine articles and news dispatches about Soviet Russia to be given a general idea of the taboos which exist in that country and which make the path of the student and the news-gatherer thornier there than elsewhere.

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# THE ROMAN CHURCH AND POLITICAL ACTION

*By Max Ascoli*

CATHOLIC dynasties have disappeared in Central and Western Europe; new democratic orders have been tried in the countries where those dynasties ruled; and after a short lapse of time they too have collapsed. The Center Party in Germany, the Popular Party in Italy are remembrances of the past; the Church herself consecrated their destruction. Yet the Catholic Church is so strong that she is able to make fanatical and all-pervasive dictatorships recognize her universal corporate entity. In representing Catholics who are subject to dictatorial rule she enjoys the privilege of collective bargaining, which is denied to every other national or international group. The ease with which she gives up old policies, the cool manner in which she leaves accumulated experiences and hard-won advantages to destruction when the fight appears hopeless, the capacity to "negotiate with the devil," as Pius XI put it — all this is a tremendous lesson to those inclined to identify *a* Catholic policy with *the* Catholic policy.

It is difficult to define the Catholic policy, especially in view of the enormous distance between the maximum and the minimum programs of Catholic political aspirations. Since the Reformation, the Roman Catholic Church has lost her character of a major propulsive force in international activity, and has been forced to adjust her dogmatism pragmatically, leaving the defense, the preservation, the expansion of Catholic interests to a careful weighing of historical and national circumstances. Between the minimum program of bare self defense and the maximum program of curialism there is room for so many shades, for so many replacements of the mobile barriers between religion and politics, that to discuss the Catholic policy as a whole seems a hopeless task. For example, in many parts of the wide Catholic world, and especially in certain non-Catholic countries, the faithful can live and die in the earnest belief that Catholicism is congenial to liberalism or to socialism. The Catholic Church offers its adherents a variety of plans for constructing the various national churches out of the materials that the land affords.

But if the Catholic policy is so manifold and hard to visualize, the Catholic world has a focus, Rome, in a country which is Italy,

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in a continent which is Europe. If we center our attention upon Rome and the Italian situation in the European complex, it will perhaps be possible to understand something of Vatican policies in the region where Catholic interests are most concentrated and predominant. This is also the region where the liberal political order first crumbled, carrying with it in its ruin many political and spiritual traditions, but not the Catholic Church.

Possibly the future historians of the Church will describe as an era of tribulation and captivity the period in which Catholic forces in some European countries were organized into independent political parties. The dogmatic discipline of religion is out of tune with the electioneering game of politics. In a country where Catholics are in a minority, political organization by means of an independent party entails accepting the *status quo* and tempering the missionary activity. In a country where Catholics are in a majority, a Catholic political party means the acceptance of the fact that large Catholic masses have been organized into non-Christian and sometimes irreligious parties.

The splitting of mediæval Catholic unity into sovereign national states had already affected the Church, by placing her spiritual and social activity within controlled limits. The breaking up of the national unity within each state into a plurality of competitive political groups obliged the Catholic forces in some countries to enter the competition, to make their own bid for political power, to accept the possibility of being a fragment and a minority. But a party, even if organized for the defense of certain special groups, cannot avoid becoming national in its scope, and a Catholic party cannot avoid proposing itself as a prospective majority of the population. It cannot go too far to the right without losing its own share of organized labor; it cannot go too far to the left without endangering its conciliatory program of social peace. Hence it offers a good target to its enemies, who call it a state within the state. This center position, of equilibrium and mediation between opposite tendencies, can be mistaken for liberalism, and may lead many Catholic statesmen to a liberal state of mind or even a liberal belief, which is heresy for the Catholic creed. "I do not like the German Center," Pius X is reputed to have said, "because it is a political party." Pius X did not live long enough to witness the mismating of socialist and Catholic parties, the alliance with democrats and Masons, the sharing of power with men of every race and creed, the unavoidable contamination of

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characters and impairment of prestige coming from a too-prolonged exercise of government. He did not see the German and Italian Catholics married for electoral purposes to the cause of proportional representation, which is the most powerful instrument for reaching a political *status quo* — so powerful, indeed, that a revolution is needed to bring about changes in the political scene. Against expedients and the acceptance of the *status quo*, men like Dr. Eberle in Germany and Cardinal Boggiano in Italy never ceased to raise their voices.

Yet, in spite of the uncongeniality between party system and Catholic outlook, the Catholic parties proved to be splendid instruments of efficient and particularized political activity. To the cleavage of mediæval Catholic unity into sovereign national states the Church answered with the Concordats, which were, according to the curialist writers, both a sacrifice of the Church in the interests of souls and a charitable concession by the Pontifex. To the splitting up of the national life into strongly organized political parties the Church answered with the Catholic parties; and the religious administration, which linked together the individual believers man by man, was an exceedingly powerful instrument for electoral canvassing. The Church was not responsible for the method of solving political problems by counting noses, but, the method having been introduced, she had to abstract some good from it. There was nothing to allure her in the dogma that national harmony is reached by giving free voice to discordant tendencies, but the result of it was that in several European countries Catholics could now have a voice of their own, powerful if well harmonized.

However, the nearer a country is to Rome the more easily can the Vatican become involved in the political activity of Catholic parties. What was needed in Berlin might be dangerous in Paris, and fatal in Rome, capital of the Kingdom of Italy. Pius X was keenly sensitive to this danger; he did not view sympathetically the establishment of Catholic political parties in France. His letter to the French Bishops about the *Sillon* is a fine document of clear-cut vision: "Civilization is not to be invented; the new City is not to be founded on the clouds." In *Il Fermo Proposito* he had already asserted that to the Church and to the Church alone belonged the leadership of the social forces for reform and human improvement; it was better to wait, in the deep belief in an immovable order of things, rather than to share that leadership or

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assert it as the proxy of democracy. During his Pontificate, which lasted until the beginning of the World War, the Catholic forces in France and Italy appeared to prefer the system of the American Federation of Labor to that of the British Trade Unions for the expression of their electoral influence. It was held advisable to secure individual pledges from as many deputies or politicians as possible rather than to entrust the Catholic destinies to an army of professional Catholic politicians: too many interests, too many old ambitions were at stake.

From Sicily to Normandy stretches a vast Latin country, diversified in many regions but almost undilutedly Catholic. There is the bulk of the material body of the Church, and there every shock reacts upon the Vatican. According to as shrewd an observer as Albert Thibaudet, the religious problem in France was until February 6, 1933, the watershed of national politics. But the heart of the Church is Italy, and Italy since 1870 has been a unified nation with a center which is the Bishopric of the Supreme Pontifex. For decades the Vatican fought in Italy a stubborn battle against reality, denying the existence of the Italian state, forbidding Catholic voters to go to the polls, viewing the Pope as a prisoner and the King as a usurper. But in spite of the century-old policy of the Church, the unity of Italy had been achieved and in a few decades proved to be enduring. The ban upon the participation of Catholics in national political life began to be lifted in special cases in 1890; these concessions were given Papal authority in 1905 in *Il Fermo Proposito*. In 1913 came the national scandal of the "Patto Gentiloni" in which it was revealed that about 300 deputies, some of them radicals or Masons, had pledged themselves to defend Catholic interests in Parliament in exchange for Catholic votes. In 1912 Giolitti introduced universal suffrage; it could no longer be maintained that Italian political life was a usurpation by ruthless politicians, imposed upon a tamed Catholic people. In 1915 Italy entered the World War and put her unity to the final test. Socialist trade unions, revolutionary syndicates, political parties led by atheists or Jews were attracting the Catholic masses. The activities of a few militant Catholics in Parliament, various piecemeal arrangements, even the wartime participation of one or two Catholics in the government, were of little avail. The fire was near, the anticlerical tradition of the *Risorgimento* was about to be crystallized.

That was the crucial moment for the appearance of the Popular

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Party. Now in Italy the Church seems to have little choice between being master of the state and being crushed by the state. A breathing spell had been provided by the unspoken agreement of 1871, in accordance with which the Italian Government and the Vatican established a wide moral gulf between themselves and ignored each other as much as possible. But the success of Italian unification had determined the necessity for the Popular Party, and the Party made its bid for the government of Italy.

Perhaps it was in order that it might advance slowly, utilizing every center of organized Catholic votes, that the Popular Party was strongly in favor of proportional representation. It was introduced in 1919. The first Chamber elected under this system always has something of the significance of a constituent assembly. Proportional representation permits the dial of Parliament to register shifts in public sentiment, carefully and without exaggerated leaps; and thanks to this scientific pedantry of democracy the parties which make a good showing can reasonably hope to maintain their power. After the elections of 1919 the Italian Popular Party appeared to be numerically one of the strongest, second only to the Socialist Party. Actually it was the strongest, because of Don Sturzo's leadership. If Italian democracy had worked successfully on this new broader basis, the two parties would have been destined to take over the government in coalition.

To the Vatican, mastery of Italy through the medium of a political party offered a terrific danger; but no danger was greater than that of having to tolerate collaboration with the socialists in the government. Such things have happened elsewhere, but in the Bishopric of the Supreme Pontifex they are unthinkable. There was widespread talk of a White International formed by a federation of Catholic political parties. Many of the leaders of the Popular Party had been tainted by that "Heresy of Heresies," the Modernistic movement. The Church was bound to veto the organization of democratic life in Italy, as for centuries she had been bound to veto Italian unity.

It can hardly be questioned that the Vatican hierarchies were highly disturbed by the Fascist uprising. Some Bishops, especially in the valley of the Po, expressed more than sympathetic views toward the new movement, but on the whole it would be incorrect to say that Fascism was helped or promoted by Vatican influences. Yet the more evidences the Fascist government gave of being a lasting régime, the more necessary it was for Catholic

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policy to alter its plans. The socialistic and the democratic forces in Italy should have altered their plans too, but they could not, having been taken prisoners by the uncompromising character of their opposition. Fascism thus could deal individually with democrats or with socialists, seducing, humiliating, or destroying them. The constitutional and legal platform — the arena of the Italian political game — became the stake of the battle, and with the destruction of the platform all the anti-Fascist political parties or groups, including the Popular Party, were finally crushed. But the situation of the organized and militant Catholics was different from that of any other group of militants. They were citizens of a universal organization, besides being citizens of a sovereign state. A modification in the structure of the state affecting their right of citizenship entitled the international organization to raise its voice. Sturzo's defeat becomes a good card in the hands of Cardinal Gasparri. Every change in national and international situations brings some bargaining power to the Church, which has to ratify in due form and time changes of régime or shifts of national boundaries. The rich crop of Concordats stipulated by Benedict XIV and Pius XI after the war is essentially an offspring of the peace treaties: the Church had to consecrate the new or enlarged states, to make the religious districts coincide with the new boundaries; in turn, she imposed her new policy of a clergy molded upon the various national frames, independent of the national governments, and strongly controlled by Rome. When the democratic state was overthrown in Italy, the revolution must have appeared to those who looked at it from the windows of the Vatican as a kind of providential warning.

The understanding between Italy and the Vatican, preserved since 1871, had been shaken by the Popular Party. And the Fascist leaders were not people to be satisfied with a return to unspoken principles and accepted traditions. They were omnivorous solvers of problems: social, demographic, international, economic. They therefore also set about solving the religious problem. In destroying the Popular Party and the Catholic trade unions they had contracted a debt to the Vatican, which had somehow to be paid. They had to supply the people with diversions and compensations for monopolizing political power. To the former socialists they offered the Labor Charter and the program of the Corporate State; to the disfranchised militant Catholics they offered the more substantial advantages of the Lateran Treaties.

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With the Lateran Treaties the artificial conventional barrier which the Law of the *Guarentigie* had built between Italy and the Church vanished altogether. For the first time the Italian state and the Catholic Church faced each other without hiding behind veils. The conflict between the Church and Italy, which had hampered national unity for centuries, which had defeated the good will of Pius IX or of Gioberti, which had torn at the conscience of patriots of the *Risorgimento*, appeared again as the fundamental issue of Italian and Church politics. Italy can achieve statehood on the same level as any other national state only by stripping the Church of her economic interests and her political influence. The Church can be guaranteed independence and an adequate source of revenue only if organized as an anational state in central Italy. The Church and Italy had been able to live side by side for sixty years, protected by a double barrier of *as ifs:* for the Church, *as if* the kingdom of Italy were nonexistent; for the Italian state, *as if* the Church were just a community of believers. Both *as ifs*, of course, were tainted with many concessions to reality.

Direct relations between Fascist Italy and the Catholic Church should logically have brought about a clash. But the Fascist régime needed an unction, and the Catholic Church needed, in the interest of Christian Italy, to establish legal relations with the new political system. There are laws in hell as well as in heaven, and it is always possible to establish norms of coördination between legal systems. By the Lateran Treaties the Church obtained far more than it would have been reasonable for her to demand in negotiations with previous Italian governments, but this time she could offer the recognition not only of the Kingdom of Italy but of the new Fascist state. Don Sturzo's losses had in some way to be repaid to Cardinal Gasparri. It would be idle to repeat here the long enumeration of what the Church gained. What is more important to note is that the Church obtained more in the legal documents than in actuality. It became a law of the state that marriages among Catholics be celebrated and ruled according to the Canon Law; the Church was thus given a powerful instrument for exerting her influence upon Catholic families. Religious education was extended to the secondary schools and entrusted to the Church. Those who were or had been members of the clergy were left under the jurisdiction of the Church, with different legal rights from those of the other citizens. This differ-

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ence becomes a heavy impairment of the rights of unfrocked priests, who are forbidden to teach or to be in any way in contact with the public as state civil servants. There is even an article which guarantees the enforcement on Italian soil of disciplinary sentences upon those subject to Catholic discipline.

Many of these legal obligations have not received literal enforcement. Many professors who formerly were priests still teach in the universities or in the secondary schools. The Church's influence on the family and on the education of young people is far from being untrammeled. But the special situation of the clergy and other Church privileges have received formal recognition. In other words, the Church has been given a note which she will sometime cash. Since the days of Constantine, she has known how to treasure legal documents showing her right over kingdoms and territories: now she can also hoard legal rights over occupations and functions for future use. A few clods of earth suffice today to give a visible symbol to sovereignty, as the Vatican City proves; but the real fight tomorrow will turn on the control of occupations and functions. In an era of exasperated nationalism the Church has perhaps offered a solution for the evanescence of sovereignty in symbols, such as the theorists of pluralism never dreamt of.

On the other hand, by giving the Church pledges which have been partially observed, Mussolini has followed a policy in which he has been consistent since 1925. He wants to store up underground all the forces which endanger the Italian state, so that a strong authoritarian government will be necessary for a long time. He wants to buttress up with ponderous reasons, full of historical meaning and menace, the accidents which carried him to power. He has brought to light Roman columns, and has buried dynamite all around. The explosion may be terrific should domestic turmoil arise; but as long as the stern hand is upon Italy, the danger makes for quiet. The grouping of economic interests set up by the Corporative State may degenerate into a scramble of clashing classes and occupations and groups, if ever the strong grasp on the corporative institutions is loosened. No government in recognizing Russia was as liberal as the Italian; but there is little danger of communistic propaganda in Italy so long as the Special Tribunal works. The Church has been given rights to influence the family and the educational system and to organize an incorruptible, all-pervasive clergy; but against the

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Church the Fascist government has erected the barrier of the last *as if: as if* the Fascist state were a liberal state hundreds of miles distant from the Vatican City (to use Mussolini's words), *as if* the two protagonists were not face to face, one of them enriched in prestige and in legal rights, the other ready to prevent by violence the literal enforcement of its own laws. A few weeks after signing the Vatican treaties, Mussolini created, with his forceful public opposition to clerical aspirations, the last barrier between Italy and the Vatican. It is a thin, sharp frame, and stands because it is buttressed by his physical person.

The Lateran Treaties were founded upon this gamble on an oncoming hour. In the "Catholic Action" Pius XI perfected the instrument for dealing with the new political situation. The era of parties was gone forever; the totalitarian state offered the opportunity for a totalitarian permeation by the Church. Christian principles could be made to irradiate in every sphere of life. With a clergy kept strictly in harmony with the peculiarities of the nation, and at the same time independent of the political government; with the Catholic Action able to carry Christian principles into the organization of economics, of labor, of education; and with the hierarchies directing from Rome these two correlated influences, new days of power seemed to be dawning for the Church in Italy. But the sharp dissent of the summer of 1931 burst out, with Fascist violence against Catholic institutions, followed by the harsh indictment of Pius XI against Fascist paganism, then the sudden silencing of the quarrel, and finally the agreement of September 2, 1931, in which the Catholic Action was allowed to organize "recreative and educational meetings with religious purposes."

The quarrel of 1931 was perhaps even more significant than the Lateran Treaties. The Fascist state and the Vatican realized that they were obliged to be silent, patient and peaceful. Close as they are, the hand of the one is too near the throat of the other. As in the period of the Law of the *Guarentigie*, and even more than then, forms and appearances have to be respected. Catholics have to go slowly and carefully, avoiding setting up anything resembling a political party line; the Fascist god is a jealous one. But the Church knows how to make good out of evil. When her territorial power was crushed, her spiritual power was immensely increased all over the world. At the present moment her loss of direct political influence in certain European countries is perhaps

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giving her an even greater advantage: the Church is put out of politics in the countries where politics is banished for every group but one. She can keep her hands clean from political contamination and enjoy the privilege of being the one solidly organized spiritual power that modern Cæsarisms have to respect. Some day the experiment of the sovereign national and nationalistic state, based on the distinction between religion and politics, will have to end; and politics is now exhausting itself in the effort to become a monopoly by one group. Perhaps the sovereign national state born after the Reformation is going through the last of its phases. Meantime the Church keeps intact her moral prestige and the hierarchic frame; her legal rights are well guarded; the doors of the spiritual world are wide open; her most loyal and able sons can one by one go to the center of political power and exert some influence and acquire some knowledge.

When it was apparent that the forces which manifested themselves in Italy were going to arise in several other European countries, the Church could easily adjust herself to a new situation in which parties were to be considered as gone forever, in which the Catholic Action was to be the instrument of totalitarian permeation. Violence and the infringement of pacts were to be expected, and testified to the extreme need for prudence and patience. "Permeate the people of the Reich with all the force of your love for God and for your neighbors," said Cardinal Schulte after the German Concordat. Then came the violence, the Catholic protests, the long negotiations which still, at the time this is written, are uncompleted. During the Saar elections the Catholic Church did not appear as an obstacle in the way of Nazi power, even if certain Jesuits like Father Messineo, in the *Civiltà Cattolica*, had thundered from the anti-Nazi front.

Since the days of the Roman Empire it has always been Italy's tragic destiny that no Italian event is devoid of a direct universal bearing, because of Rome. When Mussolini reached Rome he perhaps did not give a glance at Saint Peter's dome, engrossed as he was by the vision of his new function in the imperial city. But Rome is a trap and the Vatican is the core of it. In Italy today there seems no break in the harmony. Mussolini at times speaks a devout language; books on religion written from scientific or liberal viewpoints are confiscated; the Pope is shown in text books and moving pictures as one of the pillars of Italian revolutionary conservatism; recently at a book exhibition a

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group of bold seminarists overthrew the stands where the Bible of the Protestant biblical society was exposed. When Mussolini marched on Rome it did not enter his head that he was going to destroy democracy in the country where democracy was most intolerable to the Church. The delicate equilibrium in which Italian unity had been possible for sixty years, with an almost miraculous avoidance of the alternatives of clerical domination and rigid anti-clericalism, was overthrown. Mussolini did not know that in so doing he was pushing the Church toward a new policy.

The Church did not promote the new dictatorial régimes. Even though the leadership of the present Austrian government is Catholic, even though on October 20, 1934, the Pope received and blessed a delegation of Viennese policemen, recalling "the hard work they had done," violence is not practiced by militant Catholics. But when Catholic organization and leadership began to play a predominant rôle in Spain, the Catholic press, even the *Osservatore Romano* in the Vatican City, did not hesitate to praise the slaughter of the socialists during the Asturias uprising. The Church, like capitalism, can exert her power only through a secular arm. The authoritarian state may be or may become this arm.

No institution has a better right than the Church to turn her back on liberalism. From the day European liberalism was born the Church attacked it; during the period of scientific rationalism and of evolutionism the Church prepared the Syllabus. When the era of authority and dogmatism seemed to be hopelessly gone and within the Church mystical or practical reformers demanded an adjustment to the new times, the Church branded this movement as the Heresy of Heresies and pitilessly exiled the heretics beyond her walls. She waited for a day to come in Europe; this day seems to be coming. All these nationalistic movements arouse a thirst for the absolute that they cannot quench. The Catholic Church can satisfy it. The masses which seek expression in marching and parading may find a more joyful and meaningful satisfaction of collective impulses in the Eucharistic Congresses. In Luther's country an Austrian Catholic has proved that individualism and criticism are not essential to the German character; they had a chance to develop only when they were kept close in the hothouses of Churches or universities. The tide of history does not seem to be in the line of the continuous, unavoidable progress toward democracy, as was believed in 1848.

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The Church still is not a determining force in international events, but she is an organism capable of miraculous readjustments and transformations in the struggle to preserve herself. Her sphere of prestige is enormously broadened now that she can deal directly with sternly organized states while retaining all her connections with their citizens. She has ceased to be a potential federation of Catholic parties or of Catholic national groups. She is again the universal Church of Rome. She has multiplied the meaning of those three words, expressing their essence. She is more than ever universal, of a diversified universality, variously shaded in various countries distant from the Vatican; after her anti-modern and anti-modernistic campaigns, she is more the Church than ever; and she is strong because through obscure and unexpected events she has tightened her grip on Rome, Italy.

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# PLANNING IN THE SOVIET UNION

*By V. V. Obolensky-Ossinsky*

IT IS natural enough that this should be a time when different methods, systems and schemes of economic planning are being broadly discussed, a time, too, when practical steps are actually being taken to realize some schemes which — in the view of their authors — are forms of partial social economic planning. Capitalistic countries are immersed in an unprecedented crisis. A cure for overproduction, mass unemployment and other accompanying phenomena is eagerly sought. Planning is the direct antithesis to economic anarchy — anarchy in investment, in production and in distribution. Hence some people in capitalist countries look to planning as a possible cure for all ills, and its modes and technique attract special interest. To these people it seems something like a brand new system of industrial machinery, a fresh technical invention, which only has to be installed to begin its wonders of salvation. We in the Soviet Union think that the matter is considerably more complicated than that.

In the Soviet Union economic planning is not regarded as a social mechanism by itself, but only as an essential part of a total, which conditionally may be called new economic machinery. Social economic planning, we think, presupposes a specific social background and cannot achieve its purpose when that background is lacking.[1]

The planning system in the U. S. S. R. is based on the socialization of all means of production, mass transportation and distribution, with all the concentration of control implicit in such socialization and the existence of proletarian rule. Abolition of classes, of class distinctions, of the social division of labor, is a natural corollary to these principles. Speculation, waste and parasitic consumption are eliminated. On the other hand, since socialized economy is based on the conscious coöperation of the working masses, one of the prerequisites of socialistic economy is a steady rise, not only in their culture and standard of living, but in their social perception and social activity. This calls for an immense development of education, of cultural work, of scientific research

[1] In our report to the World Economic Congress held in Amsterdam in 1931 by the Industrial Relations Association we have set forth this background in detail. It may be found in the American edition of the proceedings, entitled "Social Economic Planning in the U. S. S. R."

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and its technical applications. This is the essential background of social economic planning as it is in operation in the U. S. S. R.

Planning is one of the life functions of socialist economy precisely because socialism is — to use a classic definition — conscious control of associated producers over their social production. But this conscious control is not represented by planning only. It also is a permanent, regular checking up of the production process. "Accounting and control by all the people" is the famous formula of Lenin, which he considered to be another definition of socialism. Furthermore, conscious control of the production process finds its expression in an adequate form of economic leadership and industrial management — concentrated, powerful and flexible enough to direct the whole "mechanism" in full coördination. Conscious control by associated producers implies that the working masses be so organized that the making of plans, the fulfillment of those plans, the checking up of the results, the building up of adequate leadership, etc., result from their own collective work and effort. In short, planning is an essential of socialist economy; but socialist economy is not planned economy only.

Plans are not only stern, exact formulations of economic undertakings based on appraisals of objective data. They are also programs of action, calling into being new potentialities of a new economic system and of a new social class which has come to power. Plans may be — for one reason or another — overfulfilled in one section and underfulfilled in another. This may result from a development of the potentialities to an undreamed-of degree, or from special difficulties encountered in a particular field. The deciding measure of a plan's success is the general balance of its fulfillment and whether or not it has realized its fundamental ideas. A plan is no dead fetish. It is a living program, and hence may be partially changed while it is under way. So far these changes in the Soviet plans have been only in the direction of a greater accentuation of the "general line."

I state this in advance in order to clear away some of the current misunderstandings about Soviet planning. These misconceptions include the idea of the Soviet economic system as simply one of "planned economy;" the idea that planning is a purely technical problem; the idea that plans are not real plans unless every detail of fulfillment checks absolutely with the original blue print; and so forth.

And now to the concrete subject of how plans are made in the

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U. S. S. R. and — as a characteristic and up-to-date example — how the second five year plan, or *pyatiletka*, was worked out.

II

Each economic plan, considered from the general point of view, is a comparison of what is in existence today and what has to be reached by some specified date or dates. To build up a plan, therefore, the most exact possible summary of the existing situation is a necessary prerequisite. The greater the scope and detail of the plan, the broader has to be its statistical basis. Thus a widely developed and centralized statistical organization is one of the essential formal prerequisites to regular planning, as well as to regular checking up of its fulfillment. This necessity usually is not fully appreciated by foreign observers.

Naturally, then, the development of statistical work kept step with the development of planning in the U. S. S. R., and *vice versa*. In course of time the statistical and the planning organizations became two corresponding and coöperating bodies, and eventually two parts of the same body. The Central Statistical Administration is now an autonomous section of the State Planning Commission (*Gosplan*) of the U. S. S. R.

Statistical schedules are adapted to planning schedules and, still more, planning schedules are adapted to statistical schedules. Statistical and accounting schedules are standardized. Statistical reporting on specific dates is made obligatory for each economic unit of the country. Each unit reports to its central directing or regulating body — all collective farms to the Department of Agriculture, all industrial plants to the Commissariats of Heavy Industries or Light Industries, all coöperative stores to the Central Union of Consumers Coöperative Societies, etc. A general summary of these data is made by the Central Statistical Administration, which is at the same time the central bureau of census and a body which plans, regulates and inspects the statistical work of all departments. Annual reports in standardized form and based upon bookkeeping entries are now deemed the most reliable source of information. They were extensively used as a basis for the working out of the second five year plan (1933–37) and of the annual plans in the most recent years. The first five year plan could not be based on such excellent material; its statistical basis was more modest, although in itself very great.

Building up the broad statistical basis and summarizing the

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analytical comments on it are important preparatory steps. But the decisive steps are taken later by the central political organizations and the central government. These have at their disposal not only all the information collected by the statistical system and by the *Gosplan*, but also the vast information and day-to-day experience that come from controlling and managing the whole economic mechanism. It must be borne in mind that the Soviet Government is, so to speak, an economic government *par excellence*. Economic problems in general attract the chief attention of the press and the people in the U. S. S. R. In addition to all other material, then, the government constantly has at hand the proposals, suggestions, and opinions of a score of local political, municipal, professional, scientific and other organizations concerning the scope and content of the future plan.

Thus when the preparatory work is finished and the materials for the five year plan are reported by the *Gosplan*, the government is fully prepared to make its decisions on the plan's leading aims and general limit figures. "Leading aims" are the general ideas and fundamental purposes to be realized in the planned period. "General limit figures" are the same expressed in the form of a few data.

The leading aims of the first five year plan could be briefly expressed as having been to lay the foundations of a socialistic economy through the industrialization of the country (implying its electrification and especially the development of an industry producing the means of production), to reëquip agriculture, to socialize industry and agriculture, and to raise the standards of living of the workers.

The leading aims of the second five year plan are: development to complete socialist economy through a continuation of the technical reconstruction of industry and agriculture, the full socialization of the latter, the extensive development of light industries and socialized commerce, with a resultant broad elevation of the workers' standard of living, the development of industries in remote sections of the Union, and the reëducation of the people to socialist habits and ideas.

The general limit figures of the second five year plan (in their final form adopted by the XVII Congress of the Communist Party of the U. S. S. R.) include: 1. General amount of capital investments during the second five year period, 133 billions of rubles (1.6 times more than in the first plan; but investments in

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light industries have to increase 3.6 times). 2. Increase of industrial production from 1932 to 1937 by 114 percent (in Group A, heavy industries, by 97 percent; and in Group B, light industries, by 134 percent). 3. Annual ratio of increase in industrial production, 16.5 percent, but for Group A 14.5 percent and for Group B 18.5 percent; this rate of increase was deliberately fixed under the level of the first five year plan (23.5 percent per annum) in order to make easier the fulfillment of the plan and create reserve capacities. 4. Increase of production of consumers goods by up to as much as twice, and doubling of the per capita consumption. 5. Increase of the productivity of labor in large-scale industry by 63 percent, reduction of retail prices by 35 percent, etc.

III

After the government had adopted leading aims and general limit figures for the second *pyatiletka* in March 1932, the *Gosplan* could work out and publish, just a month later, the "General Directives for Drawing Up the Second Five Year Plan." Later in 1932 were published four issues of a special instruction book, "System of Indices and Schedule Forms for Drawing Up the Second Five Year Plan." This was chiefly prepared by statistical workers.

According to the "General Directives," the plan on the one hand had to be developed by the planning bodies of the various departments and organizations. And on the other hand it had to be discussed and worked out in detail by geographic units; this was the job of the regional or provincial planning commissions attached to the corresponding administrative bodies. The Directives provided that by July 10, 1932, detailed plans had to be delivered to the *Gosplan* by the departments concerned. And by July 20 detailed regional plans had to be delivered by the local planning commissions. After that, the *Gosplan* had to convoke 24 special conferences, in which representatives of scientific institutions, economic and cultural departments, local planning bodies and the most important single plants had to take part. The subjects at some of the conferences were: the geographic relocation of productive forces; electrification; the fuel problem; the chemical industry; geologic and geodetic surveys; specialization and coöperation in machine building; railroad transportation; water transportation; etc. These conferences had to finish their work by the end of August 1932, and before January 1933 the *Gosplan* had

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to submit the final draft of the second five year plan for the approbation of the government. This procedure was carried out with some changes in the original program and with some delay in time schedules. For example, the period assigned for working out detailed plans by regions and branches proved to be too short, in as much as the "directives" prescribed that all sorts of social organizations and the organized workers at the plants were to participate in the discussions.

A broad practical discussion and redrafting of local and unit plans was the result. Millions of people — literally — took part in the discussion and working out of plans. Each single plant, with practically no exception, drew up its own *pyatiletka*. Plants, farms, etc., worked out counter-plans proposing changes in the schedules drafted by the central planning bodies; in an overwhelming majority of cases these changes were in the direction of an increase of the schedules.

From the other side, participation by scientific and technical institutions and associations exceeded all expectations. The conferences of the *Gosplan* were attended by thousands of specialists in all branches of knowledge. The proceedings were printed in many volumes (for instance, the proceedings of the conference on electrification embrace twelve volumes of very interesting material). Special studies were started by research institutes. The first volume of the "Second Five-Year Plan" includes as one of its appendices a list of 220 papers and reports submitted by foremost scientists and technicians on different special subjects. The Academy of Sciences took part in this extensive work.

Although a detailed draft of the second five year plan was almost ready by the end of 1932,[2] it nevertheless was found advisable to postpone the final adoption of the new *pyatiletka* to the beginning of 1934, by which time it had reached a degree of perfection considerably surpassing that of the first five year plan. By January 1934 almost all economic units had ready their thoroughly discussed, defined and balanced plans. To all practical purposes the second five year plan thus had become an all-embracing pyramid of plans, beginning in single units and crowned by the *Gosplan* draft. A final discussion, in the press and in conferences, preceded the final adoption of the plan by the Party Congress in January 1934. Then the plan was definitely launched toward realization.

[2] The annual plan for 1933 was worked out in coördination with this draft.

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IV

The second five year plan as published by the *Gosplan* consists of two volumes. The first is devoted to general tables and plans, subdivided according to branches of economic and cultural life. The second contains the plans for different regions, subdivided geographically. The plan further consists of explanatory text and planning tables. The leading ideas are laid down in words; the concrete undertakings are formulated in exact numbers. The tabulation covers the last year preceding the five year period (1932) and each of the subsequent five years separately. Figures are given in volume and in value (prices).

The general subdivisions of the first part of the plan are as follows:

1. General summary tables.
2. Plan of capital investments.
3. Production of industry.
4. Agriculture.
5. Transportation and communications.
6. Basic norms of production technique.
7. Population,[3] labor and trained working forces.
8. Plan of reduction in costs of production.
9. Goods turnover or trade circulation.
10. Municipal development and housing conditions.
11. Public health.
12. Education.
13. Finances.

The list shows, by the way, that public health service and educational work (all the cultural life of the country) are included in the plan, just as they were included in the first five year plan. It must be remembered that in the U. S. S. R. medical and sanitary care is not a matter of private initiative and private patronage. The state, municipal organs and — to an enormous extent — the professional organizations of the workers, sponsor and support the various hospitals, sanatoria and other institutions. The health of the people and especially of productive workers is deemed not to be a matter of private concern, in the same sense that education is considered a public and not a private problem.

The plans for municipal development of housing construction represent combined plans of what the municipalities (and so-called housing coöperatives) intend to do and what the central govern-

[3] The figures of population, are, of course, estimates of its expected growth.

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ment is helping them to accomplish by special subventions granted on specific conditions.

Similarly, the last section — finances — is a plan coördinating the financial activities of the state, of municipalities, of professional organizations (which collect the social insurance fees paid by economic units and subsequently use them for medical institutions, etc.) and, finally, of the banks.

So all phases of economic and cultural life are included in the plan. But not all are directly planned, controlled and regulated by the central government: this work is done also by municipalities, coöperative organizations, trade unions, etc. Their plans participate in the general system as agreements with the central authorities, and in that way get the force of law.

Turning back to the first part of the list, the part which includes the economic plans in the proper sense, we see that after the introductory tabulation a special section is devoted to capital investments. This section is worked out very extensively. A special list, specifying all the most important new projects, is attached to this part of the plan. Costs of construction, capacity of a plant or length of a road, date of the beginning of construction work, finishing date, date of putting in operation, are among the chief points covered in these specifications. No new project of construction will be adopted if necessary technical, economic and financial "foundations" are lacking.

Then follows the section on industrial production, appraised both in 1926–27 prices and in volume, branch by branch. Then comes agriculture (sown area, expected yields, gross production in kind and in value, supply of tractors, fertilizers, plans for agronomic improvements, numbers of livestock, expected yield of milk and of meat per livestock unit, etc.). Next is the plan for transportation and communications, including freight and passenger turnover on railroads, length of new railroads to be built, extent of new equipment of railroads with modern facilities, etc. Corresponding data follow for water and automotive transportation, aviation, telegraph, telephones, etc.

And then comes another most interesting and important section of the plan, entitled "Norms of Production Technique." This is a part which was almost entirely lacking in the first five year plan. Its aim is to define, first, what grade of technical perfection a specific branch has to reach; secondly, to what extent the existing technical apparatus has to be used; third — con-

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nected with the first two — what the quality of the products should be. For instance, the norms in production technique for the coal industry include: first, norms of mechanization of the different stages of coal production; secondly, norms of the monthly output per worker in different coal-fields; and thirdly, the norms for the contents of ash and sulphur in coaking coals of individual mining regions. Analogous technical norms, worked out by the best specialists, are drawn up for every branch of production.

The next section of the plan includes all the planned data about the number of workers (by branches), their training, their working conditions, their living conditions, their consumption (in kind), their wages, the productivity of their labor, and other data.

Then comes a basic part of the plan, analogous to the section setting forth the technical norms, namely the plan for the reduction of production costs. This section, closely connected with the preceding two, is subdivided by costs and by branches of economic life (construction, transportation and commerce are included).

The plan covering turnover of goods received particular attention and is extensively developed. This is a consequence of the importance laid upon improving the workers' standards of life (involving the doubling of consumption), which implies the development of trade — socialized trade — and improvement of service in commerce and in the system of public restaurants. A score of tables defines the different steps to be taken in these directions.

## V

The contents of a plan are not fully visible on the surface. The various tables dealing with capital investments, production, goods turnover, consumption, etc., do not directly reveal the consciously determined coördination which exists between them. Yet that coördination is the "soul" of a plan. A social economic plan is good if production is made proportionate to consumption, if capital investments are made proportionate to the production of capital goods, the supply of labor, the mechanical equipment, etc. An increase in wages in socialist economy has to be balanced with an increase of the productivity of labor. A reduction in costs has to be balanced with a rise in labor productivity. And so on, and so on.

So the system of tables, which is the external and practical ex-

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pression of a social economic plan, has a backbone hidden under the surface. These are the different "balances" and "synthetic indices," which may remain in the files of the *Gosplan*, which do not have to be published and do not become law, but without which the plan cannot reach real perfection.

Following are the most important "balances" made by the *Gosplan* while the second *pyatiletka* was in course of preparation:

1. Balance of consumption and accumulation.
2. Balance of the productive equipment (production and imports of different equipment, and distribution, by branches of economic life).
3. Electro-energetic balance (production of electric power, and distribution, by consumers).
4. Fuel balance (output of coal, oil, peat and wood fuel, and distribution, by consumers and regions).
5. Balance of metals.
6. Balance of construction materials.
7. Balance of raw materials for light and food industries.
8. Balance of driving power in agriculture (apportionment of the plans for the development of agriculture to the amount of live and mechanical power).
9. Balance of labor and trained workers (and their apportionment to the needs of different branches of production; of course this is the *expected* distribution of labor forces, which will be economically stimulated and not prescribed to individual workers).
10. Plan of increase of real wages.
11. The unified financial plan (balance of the incomes and expenses of institutions and organizations involved in the plan).

These are the so-called "balances," that is to say, calculations of the income-expense type. But in addition so-called "synthetic indices" are used, which establish a specific coördination between two moving indices; for instance, the correlation of increase in wages and in productivity of labor, the correlation of increase in productivity of labor and the decrease in costs of production, and others.

The *Gosplan* is not alone in drawing up its general balances. Single branches of industry also draw up special balances, dealing in detail with single products. All this work has undergone wide development since the days when the first five year plan was prepared. Balancing has become the general method of shaping the internal structure of plans, of apportioning their component parts.

On the other hand, balances cannot become the embodiment of a social economic plan. The exaggerated idea that social economic

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plans should be transformed into synthetic balances of national economy, into summarizing balance sheets of all economic factors, met with no success. It not only is useless practically, but might have a confusing effect on the formulation of plans and cause numerous misunderstandings.

VI

Such are, in brief, the ways and means by which social economic plans are worked out in the U. S. S. R. at the present time.

I hope that this short review has sufficiently demonstrated to the reader that the introduction of social economic planning is a far more complicated proposition than many people in Europe and the United States imagine. Only what the first *pyatiletka* was, and still more what the second one is, and what each separate annual Soviet plan is, can really be called a social economic plan. Only plans like these, taken in their proper social background and in connection with machinery for appliance, can become — as in the Soviet Union they really have become — the factors of a speedy technical and economic progress and the guarantee of success.

Study of the experience with social economic planning in the U. S. S. R. may be of importance to foreign observers. But this importance does not relate to a possible utilization of Soviet planning methods in countries having a heterogeneous economic system. The real interest of any such study, I think, consists in getting an idea of the features, development and prospects of an entirely different economic and social system.

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# MAHAN'S "THE PROBLEM OF ASIA"

*By Tyler Dennett*

THE PROBLEM OF ASIA AND ITS EFFECT UPON INTERNATIONAL POLICIES. By ALFRED THAYER MAHAN. Boston: Little, 1900.

CAPTAIN ALFRED THAYER MAHAN'S "The Problem of Asia" was published in 1900. Viewed in the perspective of thirty-five years it takes on the attributes of an intellectual landmark. Mahan had retired from the navy in 1896, but had been recalled to serve on the board of naval strategy during the Spanish American War. His fame rested securely upon a series of well-known works, beginning with "The Influence of Sea Power upon History, 1660–1783," published in 1890. He was rapidly becoming one of those characters so much revered in the United States, an "authority." Although only sixty, he was beginning to pontificate. An atmosphere of omniscience, of which scholars and teachers may well beware, pervades "The Problem of Asia."

"The Problem of Asia" consists of five chapters. The first three were prepared in the autumn and winter of 1899 after Mahan's return from the so-called Peace Conference at The Hague which he had attended as a member of the United States delegation. These chapters were published as articles in *Harper's New Monthly Magazine* in the spring of 1900, in the interval between John Hay's "open door" notes of September 1899 and the seige of the Peking Legations which marked the climax of the Boxer Rebellion. The fourth chapter, entitled "Effect of Asiatic Conditions upon World Politics," published in November as an article in *The North American Review*, was written in August, apparently just prior to the relief of the Legations. There was also a fifth chapter, less germane to the main topic of the book, entitled "Merits of the Transvaal Dispute."

Though there is little documentary evidence to support the assertion, it seems probable that Mahan was seeing Secretary of State John Hay rather frequently during the period in which these essays were in course of preparation. It is also probable that he enjoyed the Secretary's confidence to such an extent as to have become broadly familiar with the information which McKinley

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and Hay possessed and which guided them in their difficult negotiations with the Powers regarding China. Many paragraphs recall sentiments which Hay was contemporaneously writing to Henry Adams, Joseph Choate, Henry White, Alvey A. Adee, and others. Indeed we probably do no one an injustice in regarding "The Problem of Asia" as a summary of the views regarding the Far East current in the best-informed official circles in Washington during the first part of the year 1900. One should recall, furthermore, that just before writing these articles Mahan had passed through London, where he was highly regarded as an authority on naval history and strategy. Prior to that he had spent several weeks at The Hague in frequent converse with British delegates to the so-called Peace Conference, which marked not the end of a war but rather, as we view it today, the beginning of an era of wars. Many influential Englishmen doubtless knew and agreed with Mahan's views. The book, thus placed in its contemporary setting, is doubly interesting and significant.

In a brief preface, Mahan defined the objectives of his study. He proposed, first, to isolate the great "permanent facts and factors" implicit in the problem of Asia: and, second, to discuss the influence which these factors would exert on the evolution of political events. While outwardly admitting that it might not be possible "to forecast the precise combinations into which, through the operation of unforeseen events, these various factors will ultimately fall," he said that it was still possible to ascertain "at least the existence and character of certain determinative features and the relations subsisting between them." Disclaiming any gift of prophecy, the Captain proposed nevertheless to prophesy.

What, in the view of Mahan and his contemporaries, were the permanent features of the political situation in Asia?

The politically significant portion of Asia, according to Mahan, was an area reaching from China to the Mediterranean between the thirtieth and fortieth parallels of latitude. This broad belt, highly populated in the aggregate, Mahan considered to have an importance far outweighing that of the equatorial zone and the southern hemisphere. It was significant both because of its geographical position and because it was a sort of political no man's land. It had been and was destined to be a disputed area between Russia, the great land Power, and the sea Powers. In the category of sea Powers, which he also called Teutonic Powers, Mahan placed

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Great Britain, Germany, and the United States. To these he added, not only as a sea Power, but also as a Teutonic Power, Japan, then passing through its first phase of westernization.

The outstanding characteristic of this no man's land was its static condition. Asia seemed to Mahan to lack regenerative capacity. He anticipated nothing in the way of progress toward modern, Christian civilization, save as the impulse came from the western world. Asia thus constituted the white man's burden, his responsibility, but also his opportunity.

The seige of the Peking Legations, in Mahan's eyes, confirmed the conclusions he had reached before the Boxer Uprising. A few days before the relief of the Legations, he wrote, "as a rule, the Oriental, whether nation or individual, does not change. What has happened this year in China is just as likely, unless fear exercise its constraining force, to recur in the East now as it was a thousand years ago, because the East does not progress." Progress, according to Mahan, implied industrial and commercial development. It meant the establishment of political institutions patterned after those of Europe and North America. And it also meant the adoption of Christianity. Upon the last named he laid great emphasis. That Asia was on the eve of industrial, political and social revolution Mahan had not the faintest notion. He was writing under the spell of Rudyard Kipling.

Mahan excepted Japan from his general view of Asia. Here was a compact, insular people which could be admitted, "a willing convert," to the "European family." "It is well worthy of consideration whether we may not see in Japan the prepared soil, whence the grain of mustard seed, having taken root, may spring up and grow to the great trees, the view of which may move the continental communities of Asia to seek the same regenerating force for their own renewal." Mahan's language throughout these essays is inclined toward the Biblical. Japan was becoming Teutonized and Mahan could see in the process only auguries bright for the future. Perhaps Japan would in time become the instrument of Providence for the spiritual and material regeneration of Asia.

Not only was Asia culturally static; it was also politically unstable — subject to the rivalry of external influences. "In Europe and in America territorial occupancy," in Mahan's opinion, was "now politically fixed and guaranteed, so far as broad lines are concerned." Australasia and Africa had been par-

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titioned. The only large region still politically unstable, "and therefore open to serious change by foreign influences," was that portion of Asia lying between the thirtieth and fortieth parallels of latitude, which included the greater part of "Turkey in Asia, of Persia, or Afghanistan, and of the Chinese Empire, including much of the valley of the Yangtze-Kiang, the great central region of China." Such were the broad outlines of Mahan's world — eleven years before the collapse of the Manchu dynasty and the establishment of a Republic in China, seventeen years before the Russian Revolution, nineteen years before the Peace Settlement of Paris, twenty years before the Treaty of Sèvres.

"The first law of states, as of men," declared Mahan, "is self-preservation." Self-preservation implied growth, the latter being a "property of healthful life." Growth might take the form of territorial expansion, or it might be manifested as commercial or financial expansion. The result in either event would be ever-widening spheres of interest or dominion, until the impact of one upon another causes war.

Europe, although static as to boundaries and political institutions, seemed to Mahan to be instinct with life and vitality. Like all healthy organisms, European states must expand. And where could this expansive urge find expression so well as in the broad belt of territory beginning at the eastern shore of the Mediterranean and stretching across Asia to the China Sea?

The essence of Russian policy was territorial expansion and commercial monopoly. For Russian statesmen, one great objective was the acquisition of warm water ports in the Mediterranean and in the Far East. Another was the exclusion of economic competitors from the lands under their dominion. The trading nations, on the contrary, wished to buy and sell in a free market. "Each alike will desire that it, individually, have its equal chance in the field, unhindered by the inimical influence of a foreign power, resting not upon fair competition, but upon force, whether exerted by open act or by secret pressure. Nothing is more dreaded, nor will be more resented — more productive of quarrel — than such interposition." Presumably Captain Mahan meant the interposition of the military power of one nation on behalf of its nationals with a view to upsetting the balance in a free market.

In two respects there seemed to Captain Mahan to be a community of interest among the naval Powers: their interest re-

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quired them individually and collectively to oppose the advance of Russia toward warm water anywhere in the Near East or in the Yangtze Valley; as trading nations they had a stake in maintaining peace, a stake so large that Mahan believed it unlikely that they would do other than join forces to preserve peace in Asia. He expected that in China, should necessity arise, the four states would be found following a common line of action based upon naval power. Each state, as he viewed it, was well prepared. Germany had Kiaochau. Japan was strategically placed. England had a base at Hongkong. And the United States in the Philippines had had "we may almost say forced upon her a similarly secure base."

Viewed in retrospect, thirty-five years later, how different is the picture. The proposed Anglo-German alliance, which Mahan favored, resulted in the so-called Yangtze Agreement of 1902, which in turn was wrecked on the twin rocks of Anglo-German trade competition and Russo-German political ambitions. The Anglo-Japanese alliance of 1902 was wrecked by Anglo-Japanese commercial rivalry and by the opposition of the British Dominions. In Washington it had become apparent by 1920 that cooperation with Japan to secure peace in China would always fail because of Japan's published desire to dominate China both politically and commercially. Germany has lost her base at Kiaochau. Neither Hongkong nor the Philippines are now regarded as strategically located. Japan, not Russia, is the aggressor.

Of the three possible regenerative forces for Asia — Slavonic, Asiatic, and Teutonic — Mahan had no doubt whatever as to the greater promise of the Teutonic. The experience of the last twenty years leaves us much in doubt, not only as to the essential unity of spirit or interest among the so-called "Teutonic Powers," but also as to their competence to direct the affairs of Asia. As for numbering Japan with them, that is as fantastic in the West as it is resented in Japan.

Mahan felt that the problem of Asia would be solved by the establishment of political equilibrium. Russia must not be permitted to advance in the Near East since it would threaten the trade routes of the Teutonic Powers. But she could not be bottled up. Some compensation must be allowed in the Far East. Mahan favored the Russian advance in Manchuria. He also proposed that the Chinese capital be moved to the Yangtze, where it could

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be placed under the direct influence of the naval Powers to which he had assigned the Yangtze Valley. The eventual break-up of China he regarded as "inevitable." He saw no probable danger of Japanese aggression, feeling that the limited population of Japan must serve to limit her territorial ambitions.

China, particularly the Yangtze Valley, seemed to Mahan the great and legitimate heart's desire for the trading nations. Their objective there was two-fold. On the one hand, they must prevent preponderant control by any external state or by any group of such states; on the other hand, there must be an open door for the free exchanges of both commerce and thought and for investment. In short, Mahan endorsed the Hay Open Door policy and appealed for popular support. About the integrity of China doctrine of July 3, 1900, he was less emphatic. Spheres of influence and the Open Door seemed to him not in any way inconsistent.

Captain Mahan was addressing his essays primarily to an American public. He appealed to its well-known sense of philanthropy to support Christian missions as a civilizing influence. He seemed to feel that while for the moment the American commercial stake in China was relatively little, it would eventually grow as the mustard seed in fertile ground. The United States, therefore, must join with Germany, Japan and England — especially the latter — in the use of such force as might be necessary both to control China and to check Russia. The United States must not merely join; it must do its share. This obligation in turn required a larger navy, for the value of which he advanced his well-known arguments. The traditional unwillingness of Irish and German immigrants to support a policy of coöperation with England troubled him, as it troubled John Hay. Perhaps it was at the latter's request that he inserted into his fourth chapter an appeal to Americans one and all to forget ancient grudges, and to sink racial prejudices in the support of a program which seemed to him supremely beneficial to the welfare of the world. Most of all he counted upon Anglo-American coöperation.

With Mahan's assertion that self preservation is the first law of states none will disagree. But the assumption that economic competitors desire only a free field and no favors seems singularly naïve. Commerce appears to have been viewed by Captain Mahan as a sporting contest governed by Queensbury rules. In fact, commerce was and is not a game, but a struggle for power

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and profit. The only competitor who desires a free field and no favor is the one who is able to enter that field and sell at a profit. The last thing desired by a losing competitor is a free field. It is as natural for the latter to turn to his government and beg for its interposition to offset his disadvantage as it is for the savage to pray for rain. Furthermore, it is almost inevitable that the intervention will be forthcoming in due time; if not, the losing trader will begin to run after other and stronger political gods. He will work for the overthrow of the political party, or the government, which is deaf to his entreaty.

"The interest of a commercial state," observes Mahan, as though it were an axiom, "is peace." Not necessarily; the interest of a commercial state which is able to make a profit and hold an ever-expanding market is peace: the interest of a losing commercial state is quite the contrary.

Mahan appears to have rested his economic and political theories on the assumption that in commercial states the conditions for the manufacture and exchange of goods were equal and that a free market would be one in which all competitors, regardless of where they secured their raw materials, regardless of the water haul, the skill of their workmen, and the quality of their competing machines, would be equal. He overlooked that the manufacturer with antiquated machinery would first seek from his government the interposition of its gun-boats to offset his economic disadvantages. He seems not to have realized that the manufacturer who is able to induce his government to restore to him the profits would continue to take the profits out of the business rather than to put them into the renovation of his plant. The intervention of a government in what might otherwise seem a free market is very likely to operate to bolster up the inefficient competitor and in time to require still more extended applications of some kind of aid. The more thoroughly republican the form of government, the more certain it is that in the eyes of the losing competitor the military power of the government will seem the ever present help in time of trouble. To the losing merchant no field is likely to appear fair in which he cannot sell his goods at a profit.

After thirty-five years, what is left of the Mahan thesis regarding Asia? His major premises were wrong and his facts were wrong. Europe was not static as to boundaries, economic conditions, or political institutions. Asia was not static internally,

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from either the political or economic point of view. Japan has replaced Russia as the aggressor in Asia. Germany is no factor in Asia at all. Japan and England, no longer with a community of interest against Russia, no longer allies, are commercial rivals around the world. England has again and again in the last thirty-five years gone on record as unwilling to use force to preserve her position in China. She teeters between coöperation with Japan, as in the Anglo-Japanese Alliance, and coöperation with the United States, as in the existing naval negotiations. The British have no policy, followed with general consistency year after year, sufficiently stable to become a basis for Anglo-American cooperation. Both England and the United States desire peace in Asia; but they are commercial rivals. As for the United States, the rich commercial rewards in Asia foreseen by Mahan have not materialized. The American people heeded Mahan's advice and built a navy even beyond any limit suggested by him in 1900, but that navy is not yet large enough to assure security for American interests in Asia. Its cost, thus far, is out of proportion to the value of any treasure it has to protect.

It is often observed that a system of government in which policies must be referred to the voters ultimately for their approval has the disadvantage that it is difficult if not impossible to undertake preventive measures. Democracies have little foresight. This is especially notable in the history of American plans for military defense. A re-reading of "The Problem of Asia" leads directly to consideration of the broad question of the value of preventive measures. Sometimes they are shown to have been wise and prudent; at other times they have been revealed as provocative and futile. Preventive measures for defense of trade are not likely to be sound when it is impossible to foresee the conditions under which they will be employed. Mahan was quite wrong in his forecasts both as to the stability of Europe and as to the deficiency of Asia in regenerative power. Skilled in naval strategy, he was deficient in the field of economics, nor did he seem to apprehend the processes of political development. But who, in 1900, did? What Mahan sought to prevent did not occur; what occurred could not have been prevented by any measures he devised. It is true that Russia was stopped in Manchuria by a sea Power, but it was the Russian revolution, not Japan, which has so altered the equation that Mahan's forecast is not true today and not likely to be true in this generation. In the next

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generation other political revolutions which now seem to us not more probable than they seemed to Mahan thirty-five years ago may so alter the situation that preventive measures devised today may seem as quaint then as Mahan's do now.

Mahan offered "The Problem of Asia" frankly as both a diagnosis and as a remedy. Arguing from supposedly known facts, in the rôle of a political scientist, he deduced conclusions and offered predictions. Political science is not an exact science, not as exact even as naval strategy. There were others in Mahan's day with better claims than he to expertness in political science, but either they were more modest or else they were wrong. None foresaw the problem of Asia as it now appears. After reading Mahan, no one now would dare to prophesy for the future. The political scientist may as well admit that he cannot with certainty either identify or isolate the variables. Unlike the political scientists, the statesman must each day make a choice, for the world marches on. That is why opportunism is usually the best statesmanship.

It remains true, as both Mahan and Hay declared in 1900, that if the trading nations can join in respecting and preserving the Open Door in Asia that course will in the long run bring the greatest net profit for everyone. It remains true that control of the sea gives control of the richest part of the market of Asia. It is not equally certain that any combination of naval Powers to enforce the Open Door or to prevent any one Power from securing preponderance in Asia will accomplish its purpose or return a net profit on the investment.

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# TWELVE YEARS OF FASCIST FINANCE

*By Gaetano Salvemini*

THE time seems ripe for arriving at some kind of conclusion regarding the public finances of the European country which has remained under the rule of a dictatorial régime for a longer period of time than any other except Russia.

A mystery which has been puzzling many minds during recent years is the coexistence in Italian finance of an allegedly balanced budget with an elaborate program of public works. Public works, of course, have always been the preferred field of action of all dictatorships, and Italy is no exception to the rule. What Mussolini has taken away from the people in the realm of political and intellectual freedom, he has endeavored to make up for in the sphere of material benefits. He has tried not so much to raise the common man to a higher level of civilized life as to dazzle him with spectacular Fascist achievements. Gigantic public buildings have sprung up all over the country, land reclamation on a grand scale has been undertaken in the vicinity of Rome, and the Eternal City herself has been turned upside-down in order that she may shine again in the beauty that was hers two thousand years ago. Magnificent roads span the peninsula from end to end, huge ships cleave the waves for the enhancement of Italy's maritime fame, and a thousand and one other signs give proof everywhere that strictly financial considerations have not been uppermost in the dictator's mind during the last decade. Yet, until the world depression put Italy's budget also out of gear, a balanced budget existed alongside of all these material improvements and served as one of the Fascist Government's proudest claims to the gratitude of the Italian people and to the admiration of the rest of the world.

How was Mussolini able to balance the budget and at the same time reveal to an astonished world such an imposing array of material accomplishments? In democratic countries voices are heard clamoring for a more efficient public administration. The spendthrift habits of popular parliaments are criticized, and often Fascist Italy is given as an example to be followed. If Mussolini has succeeded in combining a balanced budget and lavish public works, he has indeed performed a miracle.

Unfortunately, it is not an easy matter to interpret the Italian

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budget to a public accustomed to the English or American methods of public budgeting. The very existence of two different budgets, one showing revenues and expenditures as they have been legally assessed, the other showing them as they have actually taken place, does not make for clarity. Furthermore, from one year to another, items of revenue and expenditure are added to, or subtracted from, the budget, so that correct comparisons over a long period of years become very difficult. The result is that when we merely look at budget surpluses and deficits we are confronted with the most bewildering variety of figures. A single instance, chosen at random, will suffice. One set of official figures for the four years from July 1, 1928, to June 30, 1932, gives yearly deficits of, respectively, 2,576 millions, 507 millions, 288 millions, and 2,300 millions, a total deficit of 5,671 millions.[1] Another set of official figures for the same four years gives, respectively, surpluses of 555 millions and 170 millions and deficits of 504 millions and 3,867 millions, a total deficit of 3,646 millions.[2] The difference between the figures amounts to 2,025 million lire.

But there is one sure index of changes in the financial condition of a country — its national debt. No government borrows money when revenues are higher than expenditures. Therefore, an analysis of the variations of the public debt from 1922 to 1934 should form the basis of any appraisal of Fascist public finance.

For the sake of clarity, we have subdivided the almost inextricable maze of Italy's national debts into six categories: (*a*), the consolidated debt; (*b*), redeemable debts; (*c*), the floating debt; (*d*), debts of a miscellaneous character; (*e*), debts of public authorities connected with the Government; and (*f*), the debt for expenditures already incurred or contracted for, but the payment of which has been postponed to future years.[3]

(*a*). On June 30, 1922, the consolidated debt stood at 44,576 million lire. As of June 30, 1932, it had risen to 71,736 millions. It then constituted by far the largest slice of the national debt.

In the spring of 1934 came the great conversion of 61,838 million lire of 5 percent consolidated debt into a 3½ percent redeemable debt. The conversion was carried out in the high-

[1] *Cf.* "Rendiconti Generali Consuntivi," for the corresponding years.
[2] *Cf.* "Bollettino Mensile di Statistica," August 1934, p. 746.
[3] The starting-point will be June 30, 1922, the close of the fiscal year 1921–22, because less than four months later the Fascists came into power (October 30, 1922). All figures, when no other specific reference is made, are taken from the "Rendiconti Generali Consuntivi," for 1921–22 and following years, or from the "Conto del Tesoro."

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handed manner commonly associated with Fascist actions and, if related in detail, would greatly relieve the dryness of our figures. It was, of course, a complete success. The requests for repayment which managed somehow to reach the Treasury amounted to only 123 million lire. The Government pointed out with pride that this represented only one-fifth of one percent of the total presented for conversion, a percentage, it added with a keen sense of humor, far lower than that of the British war-loan conversion.

The result of the conversion was to reduce Italy's consolidated debt to 9,892 million lire, as of June 30, 1934. Compared with 1922, we have a net decrease of 34,684 million lire.

(*b*). The larger part of the consolidated debt was transferred to the category of redeemable debts. The following table shows the change (in millions of lire):

REDEEMABLE DEBTS

| | *June 30, 1922* | *June 30, 1932* | *June 30, 1934*[4] | *Increase or Decrease over 1922* |
|---|---|---|---|---|
| Long-term | 4,783 | 3,556 | 64,674 | +59,891 |
| 9-year Treasury bonds | 7,227 | 11,986 | 15,898 | + 8,671 |
| Morgan loan | ..... | 1,696 | 950 | + 950 |
| Miscellaneous | ..... | 1,669 | 1,533 | + 1,533 |
| *Total* | 12,010 | 18,907 | 83,055 | +71,045 |

The increase of 8,671 million lire in 9-year Treasury bonds, with large premiums attached, should be noticed. The decrease during the last two years in the amount outstanding of the Morgan loan is largely attributable to the devaluation of the dollar.

(*c*). The floating debt also has undergone striking changes in its composition since 1922 (in millions of lire):

FLOATING DEBT

| | *June 30, 1922* | *June 30, 1932* | *June 30, 1934* | *Increase or Decrease over 1922* |
|---|---|---|---|---|
| Ordinary 1-yr. Treasury bonds | 24,161 | 10 | 6 | −24,155 |
| Advances — | | | | |
| from Bank of Italy | 3,612[5] | ..... | ..... | − 3,612 |
| from Cassa Depositi e Prestiti | 415 | 5,673 | 8,881 | + 8,466 |
| from Bank of Naples | ..... | 105 | 132 | + 132 |
| from Istituti di Previdenza | ..... | 869 | 1,214 | + 1,214 |
| *Total* | 28,188 | 6,657 | 10,233 | −17,955 |

[4] The dollars of the Morgan loan are taken at the new parity of 11.23 lire to the dollar.

[5] This figure does not take account of 4,227 millions of Government debt to the Bank of Italy, cancelled by the 1927 stabilization law through revaluation of the gold reserves of the central bank.

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In the years immediately following the World War, when the Government was hard pressed by the necessity of making large cash outlays to settle war claims, it found that the best way of raising the money was through the issue of short-term Treasury bonds. Such bonds amounted to 24,161 million lire on June 30, 1922. In November 1926 the Government put through a forced conversion of all 1-year Treasury bonds into the so-called Lictor funded debt.[6] It thus deprived itself of the normal and best way of meeting short-term requirements. After 1926 it was unable to enter the market for short-term funds: it had broken a formal pledge of reimbursement once, and no money would have been available. The short-term requirements continued, however, so that the Government had to find the necessary money elsewhere. This explains the rise of 8,466 million lire in the debt owing the "Cassa Depositi e Prestiti" (the central agency which controls the savings collected through the Post Office Department), the Bank of Naples, and the "Istituti di Previdenza" (State Benevolent Institutions).

(*d*). Now comes the fourth category into which we have subdivided the national debt (figures in millions of lire):

MISCELLANEOUS DEBTS

| | *June 30, 1922* | *June 30, 1932* | *June 30, 1934* |
|---|---|---|---|
| Advances and loans from Cassa Depositi e Prestiti | 734 | 1,092 | |
| Sums due for acquisition of railroads | 873 | 1,853 | |
| Sundry Treasury Debts ("Partite in Corso di Liquidazione") | 6,507 | 1,881 | 6,226[7] |
| Debt to municipalities of Milan and Rome | ..... | 304 | |
| Miscellaneous | 226 | 196 | |
| Internal Debts: | | | |
| Colonial Public Works Consortium | ..... | 85 | 69 |
| State Railroads | 115 | 115 | 1,003 |
| Sinking Fund | ..... | 201 | 206 |
| Sundry | 9 | 3 | 5 |
| Bank of Italy, for gold shipped to England | 1,848 | 1,824 | 1,773 |
| *Total* | 10,312 | 7,554 | 9,282 |

The only item in this table which calls for comment is that of Sundry Treasury Debts. They stood at 6,507 million lire on June 30, 1922. In 1922–23 Minister De Stefani ordered that they be

[6] The Lictor loan was included in the 61,838 million lire offered for conversion in 1934.
[7] As of June 30, 1933. No separate figures are as yet available.

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revised, with a view to establishing which were real debts and which were fictitious claims against the Treasury. The result was that by a few strokes of the pen the debt was reduced on June 30, 1924, to 2,096 millions. Therefore, in order to arrive at fully comparable figures, it is necessary to change to 2,096 millions the Sundry Treasury Debts of 1922, and thus reduce the total debt of that year from 10,312 to 5,901 million lire.

(*e*). The public authorities connected with the Government are the Post Office, the Highways Board ("Azienda della Strada"), and the Tobacco and Salt Monopolies. In Italy these have always been branches of the central government. The "autonomy" accorded them in 1925–26 is merely nominal and does not prevent their debts from being a part of the nation's public debt. Their indebtedness increased from 164 million lire in 1926 to 1,184 million lire in 1932. There are no figures for 1934, but there is little doubt that the trend is upwards.

At this point the question arises whether debts contracted by other public bodies having practically the same characteristics as the "autonomous" authorities just mentioned should, or should not, be included in the figures of the national debt. The Senate Finance Committee was aware of this problem and, since the State had guaranteed either the payment of interest, or the repayment of capital, or both, the Committee drew up a list of the sums borrowed by such bodies.[8] It is clear, for instance, that in the case of money borrowed by municipalities in the colonies (40 millions), or by thermal concerns owned and managed by the State (Montecatini, 44 millions; Salsomaggiore, 65 millions; Recoaro, 11 millions; etc.), or by joint-stock companies in which the sole shareholder is the Government (Cogne Steel Company, 175 millions), it is the State which is the only real debtor. Another characteristic instance is afforded by the 362 millions of bonds issued by the Institute of Naval Credit with a State guarantee. The money thus raised was spent for the construction of fast transatlantic passenger liners. The losses of this trade are such that eventually the Government will probably have to shoulder even the ordinary running expenses. The State has of late drastically reorganized the shipping companies and has taken over their administration in everything but in name. Is there any valid reason for denying that these 362 millions of bonds are a part of the national debt?

[8] *Cf.* Repaci, "La Finanza Italiana nel ventennio 1913–1932," p. 312 ff.

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We have chosen, however, not to include these debts in our calculation of the public debt. The figures necessary for a thorough study of all of them are lacking, and the inclusion of just a few would serve no useful purpose. But this particular problem in Italian finance gives some idea of the extent to which the Government has entered new fields. It also suggests some of the obstacles to an exhaustive study of the Italian financial situation today.

(*f*). We have now come to the most delicate and most important part of our subject — the sixth, and last, category of the national debt, made up of debts already incurred or contracted for, but the payment of which has been postponed to future years.

In brief, the story is as follows. The Fascist Government has carried on a considerable part of its activities, in almost every field, not by paying for them out of current revenue, and not by borrowing from the public, but by promising to pay the creditors in instalments extending over a period of years — on the average a period of ten years, but in some cases no less than fifty. Here is a list of the annuities which on the dates given were already contracted for: March 29, 1924, 6,546 million lire;[9] end of 1928, 26,219 million lire;[10] December 31, 1930, 65,390 million lire; March 31, 1932, 75,118 million lire; February 28, 1933, 74,315 million lire.[11]

The Parliamentary Finance Committees have provided these astounding revelations of hidden indebtedness. From 1924 to 1933, an increase of 67,767 millions! Each financial year sees an increase in the burden. For instance, by 1924 the Government had pledged itself to pay in 1932–33 the sum of 2,762 millions. This sum gradually rose until by February 1933 it was 6,003 millions. Italy thus is confronted with a succession of years whose revenues have been pledged years — nay decades — in advance, to meet expenditures of the past, leaving a narrowing margin of free revenue.

One of the most remarkable features of this situation is the fact that out of the 74,315 million lire of annuities outstanding as

[9] "Conto del Tesoro," *Gazzetta Ufficiale*, March 29, 1924, no. 76.

[10] "Parliamentary Report on the Budget for 1927–28," *Atti Parlamentari*, XXVIII Legisl., Camera dei Deputati, no. 30A. (The total of 26,219 takes into account annuities only up to 1938–39. It is therefore not strictly comparable with the other totals.)

[11] "Reports of the Senate Finance Committee," for the years, respectively, 1931–32, 1932–33, and 1933–34.

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of February 28, 1933, nearly two-thirds, or 51,243 millions, were for ordinary expenses, and only one-third, or 23,072 millions, for extraordinary expenses. The exact composition of this debt is given in the following table[12] setting forth the nature of annuities owed by the State for expenditures already incurred or contracted for (in millions of lire):

| | *Ordinary* | *Extraordinary* | *Total* |
|---|---|---|---|
| Ministry of Finance | 16,466 | 663 | 17,129 |
| Foreign Affairs | 3 | 20 | 23 |
| Colonies | ..... | 3 | 3 |
| National Education | 2,986 | ..... | 2,986 |
| Department of Interior | 114 | 1,367 | 1,481 |
| Public Works | 10,757 | 3,169 | 13,926 |
| Communications: railroads | 8,370 | 477 | 12,290 |
| Communications: shipping | 3,443 | | |
| War | ..... | 2,144 | 2,144 |
| Navy | 820 | 662 | 1,482 |
| Air Force | 459 | 69 | 528 |
| Agriculture and Forests | 5,556 | 12,230 | 17,786 |
| Corporations | 396 | 117 | 513 |
| Highways | 1,765 | 204 | 1,969 |
| Post Office | 12 | 145 | 157 |
| State Monopolies | ..... | 63 | 63 |
| Telephones | 6 | 156 | 162 |
| State Railroads | 90 | 1,584 | 1,674 |
| *Total* | 51,243 | 23,072 | 74,315 |

The commitments are heaviest in the fields of agriculture (land reclamation), public works, railroads, and shipping — that is, where the Fascist régime has put forth the greatest efforts to impress the country with its material achievements. These vaunted achievements rest upon flimsy financial foundations.

Here we find the clue to the miracle referred to at the beginning of this study — the coexistence in Italian finance of an allegedly balanced budget with an elaborate program of public works. The miracle is not a miracle. It is a mystification. The Fascist dictatorship has dodged the difficulties of the moment by creating a mountain of hidden debts. It has left the future to take care of itself — *après moi le déluge!*

We must make it clear, however, that the hidden debt of 74,315 millions is to be paid over a period of years extending to 1986–87. It includes the interest charges which the Government

[12] *Cf.* Repaci, p. 311.

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has to pay on the capital sum, and also expenditures which — although contracted for — have not yet been completely met. In other words, the present capital value of the debt is not 74,315 millions. This figure is merely the arithmetical sum total of all the annuities owed by the Italian State within the next 53 years. The Senate Finance Committee attempted a partial calculation of the present capital value of the debt — not an easy task.[13] On the basis of that partial evaluation we can say that the present capital value of all these annuities amounts to no less than 35,000 millions. Were the Fascist Government now willing to face the consequences of its spending policy, it would have to raise that sum. We shall therefore add not 74,315 but 35,000 million lire to the national debt as of June 30, 1932.[14]

On the other hand, for the sake of a comparison with the pre-Fascist situation, we must try to find the corresponding figure as of June 30, 1922. Using all the facts available, we can set our maximum estimate of the capital value in 1922 of all State annuities at 2,700 million lire.

Thus the following comprehensive table can be set up (in millions of lire):

NATIONAL DEBT OF ITALY

| | *June 30, 1922* | *June 30, 1932* | *June 30, 1934* | *Increase or Decrease over 1922* |
|---|---|---|---|---|
| Consols | 44,576 | 71,736 | 9,892 | −34,684 |
| Redeemables | 12,010 | 18,907 | 83,055 | +71,045 |
| Floating debt | 28,188 | 6,657 | 10,233 | −17,955 |
| Miscellaneous | 5,901 | 7,554 | 9,282 | + 3,381 |
| Autonomous authorities | ..... | 1,184 | 1,184 [15] | + 1,184 |
| Current capital value of State annuities | 2,700 | 35,000 | 35,000 | +32,300 |
| *Total* | 93,275 | 141,038 | 148,646 | +55,377 |

The increase over the amount of the national indebtedness in 1922 is thus almost sixty percent. But this is merely the *nominal* increase. Since the fall of 1926 the Government has been following a deflationary policy, while State expenditures have continuously expanded — a patent and harmful contradiction. If we take into consideration the increase in the gold value of the

[13] *Cf.* "Relazione della Commissione di Finanza allo Stato di Previsione delle Finanze per l'Esercizio 1934–35," Senato del Regno, Doc. no. 1969A, p. 43 ff, quoted in Repaci, p. 311.

[14] This figure applies to 1933. But we shall use it for 1932, too, since it represents as accurate an average as can be had under the circumstances. Actually, the figure for 1932 would be higher.

[15] June 30, 1932. The amount for 1934 will very likely be higher.

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lira between 1922 and 1934, we obtain the *real* increase of the national debt. It is over 83 percent.[16] What this increase means for the Italian people can be surmised when we remember that the national income has decreased by at least 35 percent in the last ten years.[17]

The immediate future does not hold any hope that the national debt will cease to soar; the deficit for the current fiscal year 1934–35 is estimated at over 2,000 million lire, and at the end of 1934 the Government issued another 2,000 million lire of 9-year Treasury bonds.

At this point someone may interrupt to say that, if Fascist finance is bad, pre-Fascist finance was worse. The argument is that if the Fascist dictatorship has, according to the latest figures, increased the national debt by 57,371 million lire in the course of twelve years, the pre-Fascist régime increased it by 37,310 millions in the three years from July 1919 to June 1922. The national debt rose by 6,374 million lire during the last pre-Fascist fiscal year, 1921–22, and it rose by only 2,688 millions during the first Fascist fiscal year, 1922–23.[18] The free régime, according to this argument, left Italy bankrupt.

This assertion has no foundation. The huge deficits from 1919 to 1922 were due to the liquidation of expenditures necessitated by the World War. During those years the Government had to meet war claims to the amount of 55,221 million lire. Of this total, about a third, or 17,911 millions, came from current revenue, while the balance, 37,310 millions, was raised in the public market, thus increasing the national debt by that amount between June 30, 1919 and June 30, 1922. But after June 1922 the strain of the war claims began to subside. While in 1921–22 the war claims to be met amounted to 20,334 million lire, they declined to 6,146 millions in 1922–23, to 5,283 millions in 1923–24, and they continued to decline until they stabilized themselves at about 1,350 millions after 1926–27.[19]

At the end of 1921, Professor Mortara, one of Italy's leading economic experts,[20] predicted the complete disappearance of the deficit by 1924. Fascism came into power after the free régime

[16] The gold index averaged 430 (1913:100) in the second half of 1922 (*Cf.* Mortara, "Prospettive Economiche," 1932, p. 566), while it has stood at 367 ever since the 1927 stabilization law.

[17] *Cf.* Mortara, "Prospettive Economiche," 1933, p. 615.

[18] "Il Bilancio dello Stato Italiano dal 1913–14 al 1929–30," Rome, Istituto Poligrafico dello Stato, 1931, p. 230.

[19] *Cf.* "Bilancio dello Stato dal 1913–14 al 1929–30," p. 224.

[20] *Cf.* Mortara, "Prospettive Economiche," 1922, p. XX.

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had endeavored with determination and courage to make a clean sweep of the war claims. Mussolini inherited a financial situation which was basically sound. Thus by 1924 Fascism found itself in a position to proclaim that the budget had been balanced. But the hidden debt represented by expenditures contracted for and payable in future years was increasing; and after 1925 both avowed and hidden indebtedness continued to grow.

Since 1925 the Italian budget has never been balanced. The Italian national debt in the last ten years has increased, on the average, by a yearly amount of over five billion lire, even though the war claims had been reduced to negligible proportions. Money has been spent lavishly. The national accounts have not been made so clear that the average citizen can understand them — notwithstanding Mussolini's proud assertion to the contrary. The annuity system prevents any immediate control over the outlay of public funds. The Government is concealing from the public at large the true composition and size of the national debt. Fascism has done away with the publicity and delays usually found in democratic countries; but it has not succeeded in creating a sound financial system. Financially, Fascism has nothing to its credit.

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# THE GERMAN CHURCH CONFLICT

*By Douglas L. Reed*

THE struggle within the German Evangelical Church was rightly interpreted abroad as the first stand against all-engulfing National Socialism. Parliament, Federal States, political parties, trades unions: all had surrendered without resistance.

But subsequent events have shown that the resistant strength of traditionally powerful forces in Germany have deeper roots. The executions of Storm Troop leaders in June 1934 were the fruit of resistance by the Reichswehr to the claim of ambitious Brown Shirt commanders to control or coöperate in the remilitarization of Germany. The successful resistance of the powerful industrialists and capitalists to those National Socialists who wanted to introduce socialism is shown by the facts that the economic dictatorship was entrusted first to a representative of big business and next to a representative of big banking; by the brusque dismissal of the leading Nazi economic theorist of pre-office days (Dr. Gottfried Feder); by the disciplining of Dr. Robert Ley, old-guard National Socialist and Leader of the Labor Front, in his attempts to reform the factories; and by the progressive disciplining of the local Nazi despots. The awakening resistance of scientists to restrictions on the freedom of research is shown by their homage to Fritz Haber, the exiled Jewish chemist whose synthetic nitrate process saved Germany from early collapse in the war. The Jews have survived: coming years are likely to bring proofs of this which seemed inconceivable in 1933. The arts are raising their heads: General Göring outbids Vienna in order to attract Austrian artists to the opera which he wishes to make the foremost in the world, and Pola Negri is brought from America, to the exasperation of German film players, to help in the rehabilitation of the German film.

The tumult is clearly subsiding. Little remains of National Socialism save Herr Hitler and the one scarlet thread that has run through all the tangled events since 1933: militarization in all its forms — the teaching of nationalism in the schools, the mobilization of manpower, the cementing of national unity, the restoration of national self-respect, preparation for compulsory military and labor service, army expansion, rearmament, and the sup-

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pression of popular control, criticism and discussion. Herr Hitler's spokesmen can already confidently announce that Germany is too strong to be invaded. The army must be eternally grateful to him for that. Even the discontented make a clear-cut distinction between the Leader and National Socialism. The "Authoritative State," embodied in his person, will remain. His lieutenants may periodically change and the power of the Party decrease. Real power will remain with the army, the financial magnates, the industrialists and the landowners.

So much of a general forecast may with some confidence be made. If it proves true, the Church conflict will lose importance, for conservative forces will inevitably prevail there too. But it has played its incalculably important part.

National Socialism brought religious dilemmas for many people. Within the Roman Catholic Church, to which one-third of the Germans belong, it brought no conflict, though it did bring a conflict between the Church and the Party-State, because the National Socialist juvenile organization — the Hitler Youth — fiercely fought for complete control of youth. The Church itself remained intact; and today the indications are that its differences with the Party-State, temporarily accentuated by the killing of three Catholic lay leaders, are likely to be composed.

But the Evangelical two-thirds of the German population was riven by dissensions originating in National-Socialist political doctrine. One source of dilemma was the anti-Jewish teaching. National Socialists boycotted the Jews on Saturday, and on Sunday went to the churches of their Jewish-derived faith. Not all could appease their consciences as easily as Dr. Robert Ley, who said: "To the argument of clerical dialecticians, that Christ was a Jew, we reply that Christ was either man or God. If He was man, then He was a Jew, but He was not God. If He was God, as we believe, then He was never a Jew."

The doctrine of racial exclusiveness and racial discrimination also stimulated the non-Christian Nordic movement, whose followers wished to revive the pre-Christian faith of their remote Germanic forefathers. They believed (as far as their faith can be defined) in the German soul, the great figures of German history, the sequence of the seasons, the alternation of light and darkness, the eternal lesson of life renewed. Symbols of their faith were the sun-sign and the tree of life, still found on the roof-trees of peasant homesteads in northern Germany, even on tombstones in

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Christian churchyards. Competitive Christianity, they said, had simply adopted and adapted their ancient symbols and festivals, choosing December 25 as the birthday of Christ, for instance, simply because it was a chief festival of the ancient Nordics, the winter solstice. Alfred Rosenberg, "Spiritual Instructor" of the whole National Socialist organization (embracing in one form or another 40 million Germans), and Baldur von Schirach, Leader of the vast Hitler Youth organization, sympathized with these ideas, and the Churches saw their chief enemies in these men. For the heroic generation which National Socialism was to breed, said Rosenberg in his "Myths of the Twentieth Century," the lesson of humility, suffering and sacrifice embodied in the tortured figure on the cross was intolerable. A knightly warrior triumphant, a reptilian adversary recumbent: these were the bearings which a National Socialist should carry on the shield of his faith. True, the Christian Church had preserved the figure of the Germanic knight Saint George, but only in a subordinate position. A German Church would by degrees substitute "the admonitory fire-spirit, the Hero in the highest meaning of the word," for the crucifix.

The non-Christian Nordic cult was there long before National Socialism came, and, left alone, is unlikely to play an important part. The danger to the Church, the resistants held, came not from that source but from those who wished to graft some of the Nordic ideas on to Christianity; to eliminate from the Evangelical faith anything of Jewish derivation; to subordinate the conscience of the Church to the authority of the absolutist State; to substitute a religion of might triumphant for the Christian doctrine of humility, repentance and redemption; to reform the Evangelical faith on a heroic, Teutonic, Nordic basis. These people did not openly avow themselves to be non-Christian Nordics. They claimed to be Christians, but sought to introduce into the Church ideas fundamentally opposed to Christianity. The resistants asked themselves if this was what National Socialism meant by stating in its program that it stood for "practical Christianity."[1]

Such was the background of the Evangelical Church conflict. National Socialist doctrine had brought the seeds of schism; yet

[1] The Nordics, incidentally, demand that they be given the status of a third confession, that State servants in all categories be released from the obligation to belong to a Christian Church, and the like.

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the aim of National Socialism, following its "totalitarian" ideal, was complete unity in the Church. Just as the 16 partly self-governing Federal States, each with its parliament and premiers and with populations ranging between 38,000,000 and 50,000, were progressively to give way to 20 Regions of the Realm with tribal names, with from 3 to 4 million inhabitants apiece, and with Governors personally responsible to the Leader: and just as all other departments of public life were to be coördinated and controlled by personal authority instead of majority vote; so was the Church to be remade on the "Leadership principle."

This difficult task was begun when Herr Hitler came to power. He found 28 self-governing Evangelical Churches, reflecting the former dynastic structure of Germany, bound together only by a Church Federation for consultative purposes in matters of common concern to all German Protestantism. The 28 Churches were completely independent; the Federation had no power over them. They were partly Lutheran, partly Reformed (Calvinistic). The greatest, the "United" Church of the Old Prussian Union, with some 19,000,000 members, combined Lutherans and Reformed under one administration. Now they all were to be unified under a single all-powerful leader.

The leader had already been chosen, though the Churches did not know it. Ludwig Müller, a military chaplain with much war service, while he was garrison chaplain at Königsberg some years before had had a long conversation with Adolf Hitler and had subsequently remained his ardent admirer. Large and jovial, shaven-headed, the Iron Cross on his coat, he was the ideal of a priest militant. One day soon after Herr Hitler became Chancellor, Chaplain Müller informed the Church leaders of the Führer's wish that the Protestant Churches should be unified. The Churches had nothing against unification in itself. Indeed, they were quite ready to reorganize the Church administration in harmony with the political reorganization of the Reich: that is, to bring the independent churches under the control of a Reich Church and a Primate (or Reich Bishop). Accordingly the Church Federation charged Dr. Kapler (its Lay President), and two leading Lutheran and Reformed theologians, Bishop Marahrens of Hanover and Dr. Hesse, to draft a constitution for the new unified Church. They met at Loccum in April 1933. But they met under the shadow of a now unavoidable Church conflict, for in Berlin the "German Christians" had just held their first conference.

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The German Christians, broadly defined, were at that time National Socialist pastors and churchgoers organized to eliminate from their Evangelical Christian faith anything incompatible with Nazi political doctrine. One of their leaders said that they were "Evangelical National Socialists who follow Adolf Hitler everywhere, even to Potempa." The reference was to a *cause célèbre*. A few months before the Nazis came to power, a Communist was murdered by several Nazis at Potempa in circumstances of extraordinary brutality. They were condemned to death. The Nazis waged a national campaign for their reprieve, and the von Papen Government gave way. Herr Hitler telegraphed expressions of warm sympathy to them in prison and after National Socialism came to power they were released and given a triumphant homecoming.

This famous first conference in Berlin demanded that the Old Testament be abolished and its place taken by German sagas and legends; that the Hebrew prophets should give way to German philosophers and poets; that the leaders of the Church must be men "politically trustworthy," of pure Aryan (non-Jewish) descent; and the like. The Church Federation, in alarm, hurriedly drew Herr Hitler's attention to these demands and to his guarantee, given a few weeks before, to respect the independence of the Church. At Loccum, Chaplain Müller, present as intermediary between the Chancellor and the three drafters of the new Constitution, demanded the Primacy for himself. As candidate they instead chose Dr. Friedrich von Bodelschwingh, whose record as administrator of the famous Bethel charitable settlement at Bielefeld and distance from Church politics had gained him universal respect. The German Christians vehemently demanded Chaplain Müller's candidature. But the Federation ignored this, and the representatives of the 28 Churches, summoned to meet on May 26, 1933, elected Dr. von Bodelschwingh as their candidate for Reich Bishop by a large majority.

Open warfare followed in the Church. State intervention in support of Chaplain Müller, nominee of a Roman Catholic Chancellor, was met by defiance, countered in turn by arrests and dismissals of the resisting clergy, autocratic decrees and recantations by Dr. Müller, disturbances in the churches, and the like. Following Dr. von Bodelschwingh's election, Chaplain Müller was given the microphone and declared that the Church leaders "had not listened to the call of the hour." The people

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wanted a man who for years had fought in the struggle for German freedom. The Storm Troops, upon whom the State now rested, must have the Gospel preached to them in unadulterated words; they must feel once more that Christianity was "an heroic faith."

The State, in fact, was behind Chaplain Müller and the German Christians (whose patron he was); subjugation of the Church by the State authority was to be attempted. On June 24 Dr. Bernhard Rust, Nazi Minister for Ecclesiastical Affairs in Prussia, appointed Dr. August Jäger, senior church official in that Ministry, as State Commissioner for all the Evangelical Churches of Prussia, announcing that "the situation of State, people and Church demands that an end be put to the prevailing confusion." Dr. von Bodelschwingh, the Primate-elect, laid down his mission, stating that this move made its fulfilment impossible. Dr. Jäger dissolved all elected bodies of the Prussian Churches. Storm Troops occupied the Berlin offices of Church press and missionary organizations. The entire Old Prussian Church and the other Evangelical Churches in present Prussian territory (Hanover, Schleswig-Holstein, Hessen-Cassel, and Nassau) were put under sub-commissioners. By a stroke of the pen, Dr. Jäger made Dr. Friedrich Werner, a Berlin lawyer, acting Vice-President of the High Council of the Old Prussian Church. More alarming still for the resistants, Dr. Joachim Hossenfelder, leader of the German Christians, was made Spiritual Vice-President of the Prussian High Church Council, with powers to appoint General Superintendents, Superintendents and clergy. "Thanks are due to God and His instrument, Adolf Hitler, for the averting of Bolshevist chaos," said Dr. Jäger. The representatives of the Old Prussian, Hanoverian and Hessian Churches protested at Eisenach against this State intervention as a breach of the constitutionally guaranteed independence of the Prussian Evangelical Churches and appealed for the protection of the Reich Government.

In vain; for Chaplain Müller, escorted by Storm Troops, occupied the offices of the Evangelical Church Federation and proclaimed himself head of it and President of the Prussian High Church Council with autocratic powers — dictator, in fact, of the Old Prussian Union Church. The General Superintendents (two had already been dismissed) told Chaplain Müller that they would not recognize Pastor Hossenfelder's authority in the

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highest spiritual office of the Prussian Church. They ordered prayers to be offered in the churches, but the new rulers of the Church counter-ordered that all pastors should read a message of thanksgiving "for the deliverance of the State from disorder" and for the pains which the State, though heavily preoccupied, was taking to reorganize the Church. They were also ordered to hoist the Nazi swastika flag. This message was read in some churches, not in others. Where the swastika flag was not flown the Storm Troopers themselves hoisted it. They marched in formation to the churches and their color bearers, ignoring the pastors, took stand on the altar steps.

The opposition began to organize. Its great difficulty was to know what it was fighting against, what Herr Hitler wanted. It was fighting for the Church, and it was mortally afraid of the accusation that it was fighting against the new State. If Herr Hitler wanted only unification they were ready to coöperate. But what was this unified Church to be, what men were to rule it, what was to be the foundation of its faith? It did not know the answer, and still does not. Was Herr Hitler of one mind with the Rosenbergs, the Schirachs, and the German Christians? Did he, in short, desire a new *Kulturkampf?*[2]

Access was difficult to the aged President von Hindenburg at his closely-guarded retreat in distant East Prussia. But some tidings reached him, and he wrote to Herr Hitler expressing "the deepest concern" at the conflict. He urged the Chancellor to restore peace within the Church, and only then to strive for its unification. This had some effect. The plenipotentiaries of the independent churches sat down with representatives of the State, with Chaplin Müller and Dr. Jäger, to redraft the new constitution. In July Herr Hitler reported to the President that it was complete, the commissioners withdrawn, and church pacification at hand. Dr. Rust actually did withdraw Dr. Jäger, who withdrew his sub-commissioners; but Dr. Werner and Pastor Hossenfelder remained in control of the Prussian High Church Council, and the dismissed superintendents and pastors

[2] The complexity of the conflict was increased by the fact that many resistants claimed to be convinced National Socialists, and many German Christians, at any rate in the later stages, disclaimed any sympathy with pagan and Nordic ideas, claiming that they only desired the rejuvenation and quickening of a Church grown torpid and lethargic, in harmony with the great national awakening which National Socialism had brought to Germany. Nevertheless, in the last analysis their aim was indisputably to introduce certain ideas originating in National Socialist political philosophy into their Christian faith, and the gap between the opposing forces thus remained wide.

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were not reinstated. The resistant clergy in Prussia, made skeptical, organized for active opposition in a group called "Gospel and Church."

The new constitution provided for the unification of the 28 Churches in a "single German Evangelical Church" under a Reich Bishop not elected (this would have been democratic and in conflict with the "leadership principle" embodied in Herr Hitler), but "summoned" by the National Synod after nomination by the 28 church leaders. The National Synod was to be formed of 20 nominated members and 40 delegates from the 28 independent church synods, which were to be constructed from elections held on July 23. In these elections the German Christians, backed by the mighty party machine, obtained a two-thirds majority in most parish and district councils, State and provincial Synods, and the National Synod. Herr Hitler's voice, broadcast on election eve, left churchgoers with the impression that to vote against the German Christians would be to vote against him, and widespread intimidation was also alleged by the opposition.

Thus elected, the Synod of the Old Prussian Union Church forthwith elected Chaplain Müller as State Bishop of Prussia, and he appointed Pastor Hossenfelder Bishop of Brandenburg (including Berlin). Of the 229 delegates, all but 75 were German Christians. The epithet "traitors" was hurled at the resistants, and Bishop Müller threatened them with the concentration camp. A law was passed excluding from the clergy and from church office all who were not "politically trustworthy" or who had Jewish blood within two generations. Thus the "Aryan paragraph" (the anti-Jewish clause of the National Socialist Civil Service Act) was being applied to the Church. The 75 resistants left the room, amid imprecations.

The new National Synod met (September 27) at Wittenberg, the cradle of the Reformation. The town was gaily decorated with Nazi flags; the white ecclesiastical banner with the violet cross was suspended from the bridge joining the twin towers of the Stadtkirche. Only Westphalia had sent a few resistants, but they were not allowed any part in the program. Bishop Müller was unanimously elected Reich Bishop. But the cleavage within the Church, for all this show of unity, was deepening every day. Over 2,000 pastors had joined the "Gospel and Church" resistants. Luther had nailed his 95 theses to the church doors 400

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years earlier; and visitors to Wittenberg found manifestoes of defiance to the new Primate posted up in the town.

Primate Müller now appointed his Ecclesiastical Ministry. The Lutheran and Reformed members were Bishop Schöffel of Hamburg and Dr. Weber of Elberfeld. The other two members represented, like the Primate himself, the great Prussian Church. They were the two men left over from Dr. Jäger's intervention in Prussia: Bishop Hossenfelder, and Dr. Werner, who became "Legal Administrator," or Chancellor. A period of apparent quiet followed. It was used by the resistants to expand their organization, now renamed "The Pastors' Emergency League." It comprised 3,000 pastors, all sworn to defy the authority of the Primate, to resist interference with the ministry, and especially to resist the application of the Aryan paragraph, which they regarded as contrary to the Gospel. Their leaders, Pastor Martin Niemöller and von Rabenau of Berlin, were suspended. Pastor Niemöller, a former submarine commander and holder of the Iron Cross, nevertheless, preached at his church in the fashionable suburb of Dahlem throughout the conflict. His congregation solidly supported him, and those who had ordered his suspension never attempted forcible eviction. Suspended pastors in other places also preached. In some cases they were actually prevented. But on the whole, churchgoing continued without abnormal interruption, and the uninitiated visitor to Germany saw little of the conflict (of which, incidentally, barely a word ever appeared in the German press).

On November 13 the fat was in the fire again. Dr. Krause, Berlin leader of the German Christians, speaking at a packed demonstration, demanded from the Primate the ruthless application throughout the Church of the Prussian anti-Jewish law; the segregation of all members of the Church of Jewish or other foreign racial descent into special religious communities (the "Ghetto Church" idea); the elimination of the crucifix, of the whole of the Old Testament and of "superstitious portions" of the New Testament. "The Nordic spirit," he said, "must conquer Oriental materialism."

The consternation caused by these demands forced the Primate's hand. He removed Dr. Krause from all Church offices. But the aims of the German Christians, who controlled the Church administration and whose leader was a member of the Primate's Ecclesiastical Ministry, were now clear. The member-

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ship of the Pastors' League jumped to nearly 7,000, and it demanded the dismissal of Bishop Hossenfelder, the revocation of the Prussian anti-Jewish law, and the repudiation of the German Christian heresies, "including the doctrine that nationhood, history and contemporary development should rank with Holy Scripture as a second source of revelation."

The Primate's surrender was the first victory for moderation since National Socialism had come to power. He issued a church law suspending the Aryan paragraph in Prussia, dropped Bishop Hossenfelder and Dr. Werner from his administration, and withdrew his patronage from the German Christians. But his authority was gone. The resistants had no confidence in him and maintained that under his Primacy pacification of the Church was impossible. The Lutheran Bishops of Bavaria, Baden, Hanover, Hesse and Württemberg rallied to the Pastors' League (mainly recruited from Prussia, where the Primate himself was State Bishop) and threatened defiance to his authority unless he reformed his ministry according to their demands. But the Primate answered by reënacting the anti-Jewish law (the resistants opposed the principle rather than the practical effect of this) and prohibited all public opposition to his administration, on pain of instant suspension. Then he began, one after another, to appoint and install German Christians as Bishops of the formerly independent churches, the synods of which, controlled by the German Christians, docilely voted their incorporation in the nominally unified Church which he headed.

The German Christians, however, began to split. Dr. Krause gravitated towards the Nordics, and at crowded meetings in Berlin invoked the example of the Japanese religion, in which "service to the Kaiser and Fatherland is service rendered to God." Dr. Hossenfelder had to resign his bishopric and his leadership of the German Christians. Another section of the German Christians turned against the Primate, stating that he had brought disunion to the Church. But the Primate went his way, and in investing one of his nominees as Bishop of Brunswick threatened to "rap on the knuckles" those who refused his "proffered hand;" he also defended the Aryan paragraph.

The aged President now intervened again. He handed Herr Hitler, with his implicit recommendation, a memorandum for the pacification of the Church, containing proposals which emanated from the resistants. First among them was the supersession

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of the Primate. On January 28, 1934, representatives of the now depleted German Christians and of the resistants met in the presence of Herr Hitler (who had with him the memorandum) and of the Primate. The opposition was confident; the struggle seemed to have been won. But a great disillusionment was in store. Pastor Niemöller, the Pastors' League leader, had previously told an acquaintance over the telephone, in reference to Herr Hitler's visit to the President, that "Hitler is now receiving the last unction." An indiscreetly jocular, though intrinsically harmless remark. The critical meeting had barely opened when General Göring, then regarded as a warm supporter of the Primate, strode into the room "with material supplied by the Secret Police." The record of Pastor Niemöller's jest was produced. The Primate, quietly watching, had no need to say a word. The opposition retired in confusion.

The Primate pressed home his advantage. He issued a decree investing himself with dictatorial powers over the Prussian Union Church, and invalidating all contrary constitutional provisions. He thus became sole arbiter of the Prussian Church, which by virtue of its 19,000,000 members was of decisive importance in the conflict. The resistant Bishops hurriedly declared their "unconditional loyalty to the Third Reich and its Leader" and their unanimous support for the Primate. Dr. Niemöller was arrested, taken to Secret Police headquarters, but released on condition that he report daily. The Primate, in virtue of his autocratic powers, retired some 50 pastors, general superintendents and church officials, and ordered that pastors should in future be chosen only from men with records of Storm Troop and labor camp service.

The complete submission of the Bishops spread consternation among the resistant clergy in Prussia. The Primate seemed to have triumphed. They had to begin all over again. They did not hesitate, and set to work to build up an independent Evangelical Church. Dr. Niemöller's congregation proclaimed his dismissal illegal and called on him to continue preaching, which he did. Resistant pastors in the Rhineland church province formed an opposition "Free Synod," and declared that "the grave disturbance of the Church is due to a heretical attack on the foundations of its doctrine, which is particularly noticeable in the administration of the Church contrary to the teaching of the Gospel." The spiritual authority of the Primate's administration was

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defied, "because it had been formed under coercion," and preachers and elders were exhorted not to obey its orders and to disregard suspension. Other free Synods were formed in Pomerania and in Berlin-Brandenburg, both adopting the Rhenish resolutions.

Undeterred, the Primate extended his dictatorial régime, now decreeing the complete absorption of the Old Prussian Church (hitherto dictatorially ruled by him) in the Reich Church. And at a great German Christian meeting he proclaimed anew that he was and always would be a German Christian. He and they would not rest "until only National Socialists stood in the pulpits and only National Socialists sat in the pews." Though denying that he wished to set up "a cult of Wotan," he expressed guarded sympathy with certain of the Germanic ideas of Herr Rosenberg. And in further emphasis of the military ideology which underlies National Socialism he appointed Bishop Oberheid of the Rhineland his "Chief of Staff."

At this point the law began to take a hand in a way which had later repercussions. The Primate, in abolishing the Prussian High Church Council in January, had abolished the office of Dr. Werner, his own appointee. Dr. Werner sued for payment of salary, claiming that the Primate's decrees were unconstitutional, and gained the verdict.

Then the Primate appointed to the long vacant Legal Administratorship (or Chancellorship) of his Ecclesiastical Ministry, Dr. Jäger, the instrument of the first State coercive intervention in 1933. Dr. Jäger was an old-guard National Socialist, a member of the Party National Executive. He had said that the appearance of Jesus Christ in world history was "the flaming-up of the Nordic spirit in the era of decadence." Here again was the old confusion of Christian and racial ideas. His appointment was announced from Party headquarters at Munich, not from the Primate's office, and he retained his Prussian State appointment. He was now charged with "the constructive organization and internal administration of the Reich Church." The inference was inescapable. The State meant to intervene again on the Primate's behalf.

The opposition, rallied by this development, regained unity in a great demonstration of 10,000 Protestants in the great Cathedral at Ulm, where the Bishops of Bavaria and Württemberg, the representatives of several opposition "Free Synods," and of the

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Pastors' League again found themselves united in defiance of the Primate. A "Confessional Community of the German Evangelical Church" was formed, claiming to be the rightful Church. Its demands were the reinforcement of the Church Constitution, the revocation of the Primate's autocratic decrees, and strict observance of the Party-State's professed determination not to interfere in the Church conflict. The eventual aim was a "Reich Free Synod" composed of Free Synod delegates from the various districts: a body, that is, which could claim to be constitutional and put forward the opposition's claims, based on the rejection by courts of law of the validity of the Primate's decrees.

Superficial unification, meanwhile, proceeded apace. By May the Primate claimed that only the Bavarian and Württemberg churches remained outside the reorganization of the Church on the political model — that is, with regional Bishops directly responsible to the Primate, just as in the political field there were only to be Governors personally responsible to Herr Hitler.

At last, at Barmen on May 30, delegates from the organized opposition throughout the country constituted "The Confessional Synod of the German Evangelical Church." The Primate's administration was denied the right to represent the Church or the laity "in so far as they have attained power by coercion or un-Christian methods." The Confessional Synod, though divided on many points, agreed on six "theological points," refuting as follows the heretical ideas against which it was fighting:

1. Jesus Christ is the only word of God. The heresy is refuted that the Church can and must recognize other events and powers, figures and truths as the revelation of God.

2. God, through Jesus Christ, claims our whole life. The heresy is refuted that there can be spheres of life in which we do not belong to Him but to other masters.

3. The Christian Church is a community of brethren and belongs solely to Christ. The heresy is refuted that the Church can do with its mission and organization as it likes and surrender it to the vagaries of temporarily prevailing philosophical and political convictions.

4. The offices of the Church are not there to give one man dominion over another. The heresy is refuted that the Church can and should give itself, or allow itself to be given, leaders endowed with ruling powers.

5. The Gospel tells us that the State has the divine task of looking after law and order in a world not yet delivered. The heresy is refuted that the State, over and above its special task, should and can become the single and total regulator of human life and thus also fulfil the vocations of the Church.

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6. The mission of the Church consists in preaching to all people the message of the mercy of God. The heresy is refuted that the Church can place the word and works of the Lord at the service of any arbitrarily chosen wishes, aims and plans.

The excitement attending the "clean-up" of June 30 (described by one German Christian Bishop as revealing to the world "the unique greatness of the Führer") diverted attention for a time from the Church conflict. But the counterblow to the formation of the Confessional Synod came in August. The National Synod elected in July 1933 then met for the first time since the election of the Primate. It contained 44 German Christian and 15 opposition members. The majority passed laws which completely merged all the formerly independent churches in the Reich Church, professedly legalized all measures taken by the Primate, abolished the Church flag, and obliged all pastors and church officials to take an oath jointly to Herr Hitler and the Primate's administration.

The bitterest pill for the opposition was the oath, which in their view confused spiritual and worldly issues. Refusal to take it would be represented as disloyalty to Herr Hitler. Their most strenuous efforts had been devoted to avoid being manoeuvred into this position. Nevertheless they took up the challenge, and a manifesto condemning the proceedings of the National Synod and defying the Primate was read in many churches. In a passage the courage of which can only be fully understood in the light of the bloody events which had occurred in Germany a few weeks earlier, it said that the Primate's administration "makes the preaching of the Gospel subservient to the lust for power of erring men. . . . We declare to the churches and congregations, in our responsibility before God, that obedience to this régime is disobedience to God." Resistant pastors were called on to refuse to take the oath.[3] The legal strength of the resistants' position was reinforced by judgments of the Reich Supreme Court and the Berlin High Court (arising from appeals against suspensions) which denied all legal validity to the Primate's decrees.

Thus, in September 1934, the Church was rent from top to bottom at the very moment when superficial unification had been completed. Only the Bavarian and Württemberg Bishops (among the heads of Churches) still stood out, and the Primate tried to overcome this last obstacle by decreeing that he himself was the

[3] It has not yet been taken.

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sole source of legislation for these two Churches. The coping stone was laid on the edifice of surface unification by the solemn investiture of Dr. Müller as Reich Bishop in the Evangelical Cathedral in Berlin on September 23, in the presence of all the Bishops appointed by himself.

Bishops Meiser and Wurm, of Bavaria and Württemberg, refused to recognize the incorporation of their churches in the Reich Church and continued, enthusiastically supported by their congregations, to exercise independent authority. Bishop Wurm was suspended, and this led to disturbances and protest meetings — unprecedented under the National Socialist régime — in many South German cities. The Confessional movement answered the Primate's investiture with defiant declarations, read to packed congregations, in which certain public remarks of Dr. Jäger, the Primate's Chancellor, were interpreted as meaning that "the Confessions are to be abolished in favor of a superconfessional National Church and the place of the faith of the Christian Church is to be taken by a hybrid Nordic-Christian religion. Because they do that, Primate Müller and Chancellor Jäger and all who follow them have cut themselves off from the Christian community. They have left the foundations of the Christian Church and forfeited all rights to it."

The Primate struck back hard. He stopped the salaries of 24 pastors in one district alone, and suspended 15 Brandenburg pastors who read this declaration. The State also showed its hand. Bishop Wurm was put under "house arrest." Dr. Jäger was sent to Bavaria and, with a detachment of secret police, forcibly retired Bishop Meiser, appointing a Commissioner for the Bavarian Church.

But the anger of Bavarian churchgoers took open form, and the attempt to coerce the two South German Bishops broke down completely. They remained unsubdued, in independent control of their churches. Dr. Jäger had to resign. The fiction of "unification" was exposed. On October 30 Herr Hitler received Bishops Meiser, Wurm and Marahrens and was understood to accept their contention that the Church should be left to decide its own affairs.

These are, in brief outline, the main developments in an extraordinary conflict the paramount importance of which is that it has shown, to a world become sceptical, that men are still ready to fight and suffer for ideas and ideals in Germany. After two

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years it has left the Church almost unified on paper, but more divided in practice than it has been since the Reformation. The resignation of the Primate, on which the resistants insist and which seems unlikely long to be delayed, would not end the conflict as long as the State does not unambiguously withdraw from it, for the resistants regard themselves as engaged in a struggle to save Christianity from submergence in a pagan National Socialist *Weltanschauung*. The dismissal of Professor Karl Barth, the eminent theologian whose writings have played so large a part in the struggle of the opposition, for failing to give the Hitler salute is a sign of the difficulty of reconciling the opposing standards.

The struggle, Bishop Meiser said after his reinstatement, is only beginning. Nevertheless, present tendencies in Germany are towards moderation and circumspection, for the reasons described at the beginning of this article. The Church conflict is unlikely to be pushed so far that it becomes a menace either to internal unity or to the united front which must be opposed to the outer world.

The Church has gained, and not lost. The struggle has rallied lethargic churchgoers, quickened their interest in their faith, made them feel that it is something to be fought for, not kept on the bookshelf. Half-empty churches now are filled. Ultimately the conflict that was forced on Christianity in Germany in 1933 by the blurring of the borderline between the claim of the Party-State to absolute temporal authority and the claim of the Church to freedom of conscience may lead to the Church's renewal and rejuvenation.

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# ITALY IN ABYSSINIA

*By Robert Gale Woolbert*

THE spring of 1936 will see the fortieth anniversary of Italy's defeat at Adua by the armies of Emperor Menelek of Abyssinia. A resounding victory over Abyssinia by that date might well be pleasing to Fascist *amour propre*. Is any such plan really being matured at Rome, and, if so, will France and Great Britain, acting with or without the League, permit it to be carried out?

The Italo-Abyssinian situation forms an integral part of the general European diplomatic picture and has a particular bearing on Italy's relations with France. France has been Abyssinia's chief support since the days of Menelek. It was France which furnished him with officers, munitions, and diplomatic support against Crispi's effort to impose an Italian protectorate upon Abyssinia in accord with the Italian interpretation of the Treaty of Uchiali (May 2, 1889). It was France which, against the desires of both Italy and Great Britain, secured Abyssinia's admission to the League on September 28, 1923. Two-thirds of Abyssinia's foreign trade passes over the French railroad from Addis Ababa to Jibuti, the capital of French Somaliland. This virtual monopoly on Abyssinia's external commerce is protected by an agreement forbidding the concession of any rights to another company that would compete with the Addis Ababa line.

One might suppose that Abyssinians would resent this strangle-hold on the economic life of their country and that France's paramount diplomatic position at Addis Ababa would be impaired. That this is not the case has been due to the thorough realization on the part of the Abyssinian ruling caste that without the aid and comfort of at least one Great Power they are at the mercy of the others, and that France, since her defeat at Fashoda in 1898, has put aside any ulterior designs on Abyssinia's territorial integrity. Diminutive French Somaliland touches Abyssinia for not more than 250 miles, whereas the possessions of England and Italy hem her in along thousands of miles — on all her other frontiers, in fact.

Manifestly, then, any aggressive move in Abyssinia on the part of Italy presupposes a preliminary arrangement between Italy and France. It is for this reason that in the recent *pourparlers*

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between Signor Mussolini and M. Laval the affairs of Abyssinia occupied an important place. As these lines are written, the exact terms of the agreements entered into at Rome are still unpublished, as indeed they are likely to remain for some time. We have, however, the official summary issued on January 8. The first impression given is that Italy by no means got the best of the transaction. Mussolini, in fact, was not in a strategic position for effective bargaining. His revisionist policies in Central Europe had, after twelve years, proved infeasible as a result of Nazi ambitions among the Danube and the solidarity of the Little Entente. He may well have wished, then, to counterbalance this check by diplomatic, and perhaps even military, victories in Africa. M. Laval, however, seems to have begrudged him any substantial consolation.

In Tunisia, the Fascist Government has always held out for a perpetuation of the right of Italians there — over 100,000 in number — to preserve their Italian nationality and hand it down from generation to generation. Such a claim was possible only because Tunisia is not a French colonial possession but a protectorate. The status of Italian citizens and Italian government schools in Tunisia has been governed by the agreement of 1896, entered into shortly after the battle of Adua when Italy was in an unfavorable diplomatic position. This agreement was denounced by France on September 9, 1918, but has continued in vigor since then by "temporary" tri-monthly extensions. According to the agreement just reached at Rome, all children of Italian parents born in Tunisia before 1965 may retain Italian nationality, though any born after 1945 may choose French citizenship if they wish. The Italian governmental schools in Tunisia, long a thorn in the side of the French administration, will continue as at present until 1955, when they must assume a private character. Certain other privileges enjoyed by Italians will be gradually abolished after 1945. This settlement represents a compromise *à longue échéance*, with every possibility that before the time comes to execute it the European scene will have so changed that it will be inapplicable. From this point of view Mussolini has won a partial success.

The French concessions along the southern frontier of Libya turn out to be very puny indeed. Instead of obtaining a corridor to Lake Chad or a recognition of her rights in Borcu and Ennedi, Italy receives but half of the mountainous Tibesti region, which

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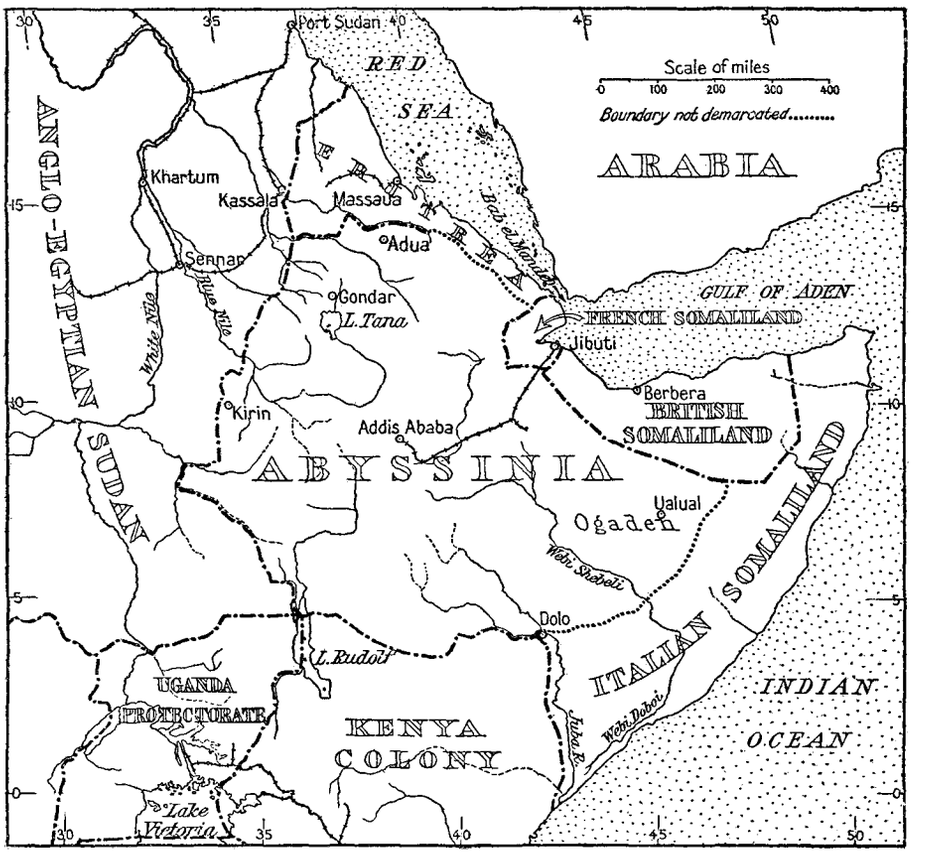
is just about the most god-forsaken and useless area one can well imagine. Similarly, France's surrender of a minute speck of desert along the northern boundary of French Somaliland (400 to 500 square miles, facing the Strait of Bal-el-Mandeb) has little value other than moral. The only really valuable concession given Italy is a 20 percent share in the ownership of the Jibuti-Addis Ababa railroad. This, it is held, will give Italy a much better




chance at the Abyssinian market, now being vigorously invaded by the Japanese, who are reported to have won 80 percent of Abyssinia's import trade. More important, it will give Italy a control over the arms traffic to Abyssinia. This is the most significant of her gains under the Rome agreements. If Mussolini were in fact preparing to fight Abyssinia, he would be wise to arrange for shutting off his enemy's supply of munitions.

On the whole, then, the concessions received by Italy in Africa

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are not very extensive and certainly do not represent for her a very satisfactory liquidation of her claims to compensation arising out of the Treaty of London (April 26, 1915). Two explanations are possible. In the first place, Mussolini had not been able to exculpate Italian policy completely from any responsibility for the Marseilles assassinations. Croatian exiles not only were permitted to use Italy as a refuge from which to plot, but they apparently were given billets and military instruction. Very little has been said publicly about these things, but to secure that silence must have been costly for Italian policy. Certainly, M. Laval is not the man to shrink from using such a weapon in diplomatic bargaining. The other explanation for the apparent paucity of French concessions to Italy rests on the supposition that in certain secret articles Laval gave Mussolini, if not *carte blanche* in Abyssinia, at least wide latitude in "adjusting frontiers." It is not inconceivable that the French Foreign Office would throw over the Abyssinians in order to immobilize Mussolini in Central Europe. If the French have given Mussolini permission to go ahead, that fact will soon be revealed by events.

To make French permission of real value, Britain would also have to acquiesce. In the accord signed by representatives of Great Britain, France, and Italy on December 13, 1906, after declaring in the preamble that "L'intérêt commun de la France, de la Grande-Bretagne, et de l'Italie étant de maintenir intacte l'intégrité de l'Éthiopie . . . ," it is stipulated in Article 3 that "En tout cas, aucun des trois Gouvernements n'interviendrait d'une manière et dans une mesure quelconques qu'après entente avec les deux autres."

As a matter of fact, the British Government has already committed itself. In a note delivered to Premier Mussolini by the British Ambassador on December 14, 1925, we find the following:

> I have therefore the honour, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, to request your Excellency's support and assistance at Addis Ababa with the Abyssinian Government in order to obtain from them a concession for His Majesty's Government to construct a barrage at Lake Tsana, together with the right to construct and maintain a motor road for the passage of stores, personnel, &c., from the frontier of the Sudan to the barrage.
>
> His Majesty's Government in return are prepared to support the Italian Government in obtaining from the Abyssinian Government a concession to construct and run a railway from the frontier of Eritrea to the frontier of Italian Somaliland. It would be understood that this railway, together with all the

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necessary works for its construction and for its running, would have entirely free passage across the motor road mentioned above.

With this object in view the necessary identic instructions should be sent to the British and Italian representatives in Ethiopia to concert for common action with the Abyssinian Government in order to obtain that the concessions desired by the Governments of Great Britain and Italy regarding Lake Tsana and the construction of a railway to join up Eritrea with Italian Somaliland, should be granted contemporaneously. It remains understood that, in the event of one of the two Governments securing the concession sought for while the other Government failed to do so, the Government which had obtained satisfaction would not relax their whole-hearted efforts to secure a corresponding satisfaction for the other Government concerned.

In the event of His Majesty's Government, with the valued assistance of the Italian Government, obtaining from the Abyssinian Government the desired concession on Lake Tsana, they are also prepared to recognise an exclusive Italian economic influence in the west of Abyssinia and in the whole of the territory to be crossed by the above-mentioned railway. They would further promise to support with the Abyssinian Government all Italian requests for economic concessions in the above zone.[1]

These, and other provisions, were accepted by Mussolini in a note of December 20, 1925.

In the tripartite accord of 1906 Italy had been given the right to construct a railway uniting Eritrea and Somalia, west of Addis Ababa. By the 1925 agreement, the Italian trans-Abyssinian railway is not required to pass to the west of Addis Ababa. Furthermore, Britain surrenders to exclusive Italian economic influence not only all of western Abyssinia, but also the territory traversed by the projected trans-Abyssinian railway. These notes were communicated to Parliament by Austen Chamberlain on April 16, 1926. On June 9, the Abyssinian Government received identic notes from the British and Italian ministers at Addis Ababa, informing it of the terms of the new agreement. Ras Tafari (later to become the Emperor Hailé Selassié) saw in this joint *démarche* an intention to exercise pressure on him, and on June 19 vigorously protested to the League. As a result of this step, both Chamberlain and Mussolini had to seek refuge in assurances that nothing was farther from their minds than diminishing by an iota the sovereignty of Abyssinia or interfering in any way with the rights of a third power. The "third power" was, of course, France, which had quite properly protested that the 1906 convention explicitly forbade any agreements *à deux*. Besides, the clauses giving Italy exclusive economic rights in

[1] *British State Papers*, 1926, vol. XXX, Command paper 2680.

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certain parts of Abyssinia were contrary to the terms of that convention, which guaranteed to Abyssinia her territorial *status quo* and to foreign powers the open door. In a communiqué issued by the Quai d'Orsay on July 4, 1926, following an interview between Briand and the Italian Ambassador, it was stated that "En ce qui concerne les stipulations d'ordre économique, celles-ci ne portent aucune atteinte au régime de la porte ouverte en Abyssinie." If this means anything, it is that the Italians had had to abandon their claims to that "exclusive economic influence" which the British had promised to help them obtain from Abyssinia. Thus, thanks to France and the League of Nations, Italy was deprived of even her "unlimited right of expectation."

Britain, on the other hand, had lost little if anything. Her great interest had been to prevent a change in the régime of the Blue Nile waters, essential to the very life of Egypt. In this she had been successful.[2]

This business of marching up the hill and down again had amply demonstrated, in case it had not been obvious before, that it was futile for Italy to make any plans concerning Abyssinia without first coming to terms with France. One therefore feels fairly safe in supposing that the Italians were assured of France's benevolence before embarking on their present policy.

The evidences that Italy is preparing to go ahead in Abyssinia, in case the way finally becomes cleared for her diplomatically, have been accumulating for some months. On November 3 King Victor Emmanuel arrived at Mogadishu for a sixteen-day visit to Somalia. In the first week of December there took place at Naples an extraordinarily impressive reunion of the veterans of colonial wars. Shortly thereafter, General De Bono relinquished to Mussolini his post as Minister of the Colonies and went out to assume the combined governorships of Eritrea and Somalia. This in itself is symptomatic of impending change, for administering Eritrea and Somalia as a unit is about as simple as would be administering Alaska and Hawaii as a single territory.

Most significant of all have been the military preparations being carried out in Italy's East African colonies. Last summer the Ministry of Colonies at Rome admitted that Italy was "sending both soldiers and munitions to Eritrea and Somalia."[3] Ostensibly this movement was to guard against Japanese economic pene-

[2] For an accurate account of this whole diplomatic episode from December 1925 to August 1926, see Rouard de Card, *L'Éthiopie au point de vue du Droit International* (Paris, 1928).

[3] *New York Times*, September 9, 1934.

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tration into Abyssinia and to equip the colonies to defend themselves from Hailé Selassié's army of 150,000 (recently modernized by a Belgian military mission) in case Abyssinia should attack while Italy was engaged in Europe. In an attempt to allay the alarmist rumors bred of these warlike preparations, declarations of pacific intentions and mutual friendship were issued at Rome by the Abyssinian *chargé d'affaires* and the Italian Foreign Office on September 29. Cynics were inclined to remark that such perfunctory protestations were unerring signs that trouble was brewing, and predicted that a series of diplomatic "incidents" would soon take place, to be followed, after public opinion had become properly exercised, by a war to defend the national honor. In other words, it was forecast that the story of Manchukuo was to be repeated in Abyssinia.

Such incidents are, in fact, a constant occurrence in that part of the world. Law and order, as defined in more highly developed states, does not exist in Abyssinia, especially around the periphery, far from the personal control of the Emperor. Under normal circumstances reports of border skirmishes and acts of violence against Europeans in Abyssinia indicate not so much an increase in lawlessness or xenophobia as a desire on the part of European governments to exploit these "incidents" as pretexts for bringing pressure to bear at Addis Ababa. But there cannot be much question as to the recent increase in the gravity of these incidents. An attack on the native troops guarding the Italian consulate at Gondar, in Northern Abyssinia, on November 17, was kept from becoming a possible *casus belli* by Abyssinia's action in promptly acceding to all Italian demands for indemnity and official apologies. Emperor Hailé Selassié can be depended upon to go to considerable lengths to avoid trouble.

Much more serious was the battle at Ualual in early December. This time Hailé Selassié felt that he could not and need not back down, in spite of Mussolini's very unbending attitude. The facts of the case, in so far as they are at present ascertainable, seem to be as follows. On December 5 there took place an engagement between Italian colonials and Abyssinian troops at the Ualual wells in the semi-desert region of Ogaden, which has hitherto been generally regarded as the southeast corner of Abyssinia. The Abyssinians are reported to have had 110 killed, and the Italians 30. The Italian Government claims that Ualual is in Somalia, and that they have been in possession of it for the last five years.

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The crucial question is, then, not who was technically the aggressor in the passage at arms, but to whom does Ualual belong? According to a convention signed at Addis Ababa, May 16, 1908, the boundary between Abyssinia and Somalia was to be established "on the ground and in the shortest time" by representatives of the two governments. The convention set up certain rules for the general guidance of the boundary commissions. Articles 1, 2, and 3 provide that the frontier is to start from Dolo on the Juba River and proceed eastward and northeastward (in general paralleling the coast at a distance of about 200 miles) in such a way as to place the territories of certain specified tribes on the Italian side, and those of others on the Abyssinian. Article 4 stipulates that from the Webi Shebeli the boundary shall be drawn northeastward in such a manner that "all the territory belonging to the tribes toward the coast will remain to Italy; all the territory of Ogaden and all that of the tribes toward Ogaden will remain to Abyssinia."[4] Now to delimit such a frontier on the basis of the areas inhabited by semi-nomadic tribes was not easy. In 1910 a joint boundary commission initiated its task at Dolo, but, according to the Italian version, was prevented from proceeding very far by difficulties raised by the Abyssinian Government.[5] In any event, the boundary has never been drawn on the spot as article 5 of the 1908 convention provides. The Italians, unable to obtain a boundary by negotiation, have apparently set out to secure it by military occupation.

The occupation of Ualual, Rome insists, has been effective for several years. If this is so, it is worth noting that as late as November 16, 1934, there appeared a map of Somalia in the *Corriere della Sera* of Milan, with boundaries coinciding with those claimed by Abyssinia today. This sketch was no doubt copied from a map in the "Atlante delle Colonie Italiane" (pages 27–28) published in 1928 "under the auspices of the Ministry of Colonies," which places Ualual forty miles on the Abyssinian side of the tentative frontier. This same map, incidentally, includes part of Ogaden in Somalia, contrary to Article 4 of the 1908 convention. On a map that appeared in the *Stampa* of Turin, December 16, 1934, in connection with an article supposed to demonstrate conclusively the justice of the Italian stand, Ualual was located in Abyssinia.

[4] The text of this convention is in "Trattati, Convenzioni, Accordi, Protocolli ed altri Documenti Relativi all'Africa 1884–1908, Supplemento alla Raccolta" (Rome, 1909), p. 177–178.

[5] Italian note to the League of Nations, December 24, 1934.

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This error was corrected by a new map appearing in the same paper on December 25. The battle of the maps extended to Geneva, where the League was forced to withdraw several that the Italian delegation found offensive. Prior to the Ualual incident, Italian colonial publications preserved a discreet silence concerning any Italian military penetration into Ogaden.

But the Imperial Court at Addis Ababa does not have to depend upon Italian periodicals for information as to what is happening in Ogaden. If it is true that the Italians have been at Ualual and nearby posts long enough to construct forts, roads, habitations, and radio stations, why, then, have the Abyssinians only now protested to Italy or the League? The chances are that they had protested to Rome, and failing to receive any satisfaction, had resolved to await some favorable juncture for carrying an appeal to the League.

The favorable moment arrived when the Ualual incident broke at the very time an Anglo-Abyssinian boundary commission was near at hand. The presence of neutral witnesses makes every difference when there is a question about events which transpire in such a remote and inaccessible region as Ogaden. On December 14 the League received a report of the clash at Ualual from Addis Ababa. The League Covenant was not invoked, for Abyssinia was waiting to see if Mussolini would arbitrate under the terms of the Italo-Abyssinian Treaty of August 2, 1928. According to Article 2 of this treaty "the two governments reciprocally undertake not to carry out, under any pretext, any action that might prejudice the independence of the other." In Article 5 "the two governments undertake to submit to conciliation or arbitration the questions that shall arise between them and which could not be solved by the normal diplomatic means, without having recourse to the force of arms." [6] But Mussolini said there was nothing to arbitrate, and demanded apologies and indemnities from Abyssinia for its unprovoked aggression on Italian territory. There followed a series of notes to the League reiterating the customary charges and counter-charges. Finally on January 3, Abyssinia invoked Article 11 of the Covenant, thereby throwing the whole matter into the lap of the League just as M. Laval was starting for Rome.

To have haled Italy before the League Council and asked her to give an account of her actions in Ogaden would have been to

[6] The Italian text of the Treaty will be found in *Oriente Moderno*, February 1929, p. 58.

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create a situation loaded with diplomatic dynamite. Mussolini could be expected to rebel proudly against appearing before the bar on charges by Abyssinia, of all nations. England and France, on the other hand, for numerous reasons could not afford to have Italy threaten to leave the League — as indeed the Grand Council of Fascism over a year ago had favored, in case that international body were not drastically renovated. Much pressure was brought on both sides by France and Britain, with the result that the issue was put over until the next meeting of the Council, on the understanding that the two interested governments in the meantime negotiate directly. To get Abyssinia to drop her call for League action, Italy is reported to have given in all along the line on her demands for apologies and reparations.

The explanation of Mussolini's capitulation is due, more than to anything else, to the reports of Colonel Clifford, British member of the Anglo-Abyssinian Boundary Commission, present in the vicinity of Ualual before and after the battle. This Commission, after three years of arduous labors, had demarcated the frontier between Abyssinia and British Somaliland. All that remained was the knotty problem of the grazing grounds used by the tribes, who naturally are not sufficiently sophisticated to appreciate the sanctity of international boundaries. It was while on a survey of these grazing grounds that the Commission came into contact with the Italian garrison at Ualual before December 5. Colonel Clifford in his report substantiates practically all the Abyssinian charges and concurs in the opinion that Ualual is in Abyssinia. He furthermore openly accuses the Italians of provocation. With this document to prove his case, the Abyssinian delegate at Geneva, M. Hawariate, was in a position to wait for the Great Powers to come around to the Abyssinian point of view if they wished to prevent the question from being thoroughly aired before the Council.

In the end, however, the Abyssinian tactical victory at Geneva may well prove to have been Pyrrhic. Within a few weeks other incidents in Ogaden had led to further diplomatic tension and to an Italian press campaign against Abyssinia's barbaric incompetence as a state. By February the Italian military preparations had assumed such proportions and the official positions of the two governments had become so apparently irreconcilable that the possibility of finding a peaceful formula consonant with the prestige of both parties did not seem promising.

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# WHO ARE THE GERMANS?

*By S. K. Padover*

THE Aryan myth is not an invention of the Nazis. These neo-Teutons merely exploited a widely-held German belief which dates back to the nineteenth century, when it was developed by the Frenchman Gobineau and later elaborated by the Englishman Chamberlain. Prussia and her sympathizers, then struggling to weld the innumerable German "states" into a nation, found in the doctrine of Aryan, or Nordic, superiority a powerful political weapon. Heine proved himself a tragic prophet when he said: "In a certain tavern in Göttingen I had the opportunity of admiring the precision with which my friends 'the ancient Teutons' prepared the lists of those who would be proscribed by them as soon as they arrived in power. Anyone who was descended, even seven generations back, from a Frenchman, a Jew, or a Slav was to be condemned to exile."

There was a profound psychological reason for the spread of the Aryan race-myth in Germany. Fifteen hundred years of German history had left unhappy memories in the minds of the people who, by the end of the Middle Ages, were split into some two hundred separate principalities with their "particularist" loyalties. As Thomas Mann has pointed out, there seems to be something anarchic in the German character which drives it to extremes. The inability to form a united state, as did France and England and even Russia, gave the Germans a sense of national inferiority. Only against their historical background can their fanatical acceptance of the idea of Aryan superiority be understood. For Aryan — a purely philological term — soon was applied to race and became identified with German. Here at last the Teutonic people, smarting under political and social humiliation, found a secular religion which gave them psychic satisfaction. The French and the English dominated land and sea, but the Germans were the chosen race. All contributions to culture, in all ages and in all civilizations, so said the preachers of the Aryan cult, came from a select group "blessed with Nordic blood." And the Germans were "it."

That there is no such thing as an Aryan race, and that the Germans are neither Aryan nor Nordic nor a race, never troubled the politicians and the chauvinists. The German scientist Virchow

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called the theory of an Aryan race "pure fiction." Reinach dubbed it "prehistoric romance." And Max Müller, the German scholar who was responsible for the philological word "Aryan," bluntly rejected the distortion of his concept. "To me," he wrote, "an ethnologist who speaks of an Aryan race, Aryan blood, Aryan eyes and hair, is as great a sinner as a linguist who speaks of a dolichocephalic dictionary or a brachycephalic grammar. It is worse than a Babylonian confusion of tongues — it is downright theft. . . . If I say Aryan, I mean neither blood, nor bones, nor hair, nor skull. I mean simply those who speak an Aryan language."

But who, after all, are the Germans?

"Now from this island of Scandza [Scandinavia]," Jordanes, the oldest historian of the Goths, tells us, "as from a hive of races or a womb of nations, the Goths are said to have come forth long ago." Myth or fact, we have no means of determining this, or any other, racial origin. What we do know is that in the early Christian centuries the Germans, driven by famine, began migrating southward into the Roman Empire, spreading throughout Europe, settling here, fighting there, being enslaved elsewhere.

The migration of the Germans took the form of a fan, whose feeding source was in the north and its two extreme points reaching to Spain in the west and the Dnieper in the east. In this way they "inundated" Europe and part of Asia. Everywhere they commingled with and finally disappeared in the local population. The third-century Roman emperor Probus is remembered as the ruler who "Germanized the Roman provinces." He settled Vandals in Britain, Alemanni in Alsace, Goths in Moesia, Franks in Anjou and even in Pontus on the Black Sea. "For us," Probus's biographer boasts, "the barbarians labor, for us they sow."

The northern barbarians — and they came in such hordes that the Lombard historian Paul the Deacon thought the word "Germany" derived from the Latin *germinare:* to germinate — did not break through the Roman defenses until pressed by the Huns under Attila who crashed into the Roman Empire from the heart of Asia. Some bewildered Romans seem to have confused the Huns with the Germans. As a matter of fact, between the eastern nomads and the northern barbarians there was no racial kinship. What the two invaders had in common was an almost equal innocence of civilization and a yearning for the same booty. No wonder, therefore, that German tribes, especially the Thurin-

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gians, joined in Attila's savage raids. The nomads finally occupied the Danube valley and left their racial imprint on what is now Rumania, Hungary, and southern Germany.

The second great admixture of races in Germany was the Slavic, whose origins lie in the field of myth and speculation. It would seem that, known as Sarmatians, these people in the time of Herodotus had their home in the Caucasus. They reversed the German process of migration and spread northward. Whatever their "race," the Slavs, who split into many tribes and went by various names, were neither "pure" nor "Nordic." By the second Christian century Slavic tribes had penetrated the Vistula and reached the Elbe. After the great German migration of the fifth century, the Slavs — Wends, Plaben, Lechs — broke through the Elbe line and overflowed the vacated lands as far west as Kiel and as far south as Trieste. Only a strip of land between the Rhine and the Saale was held by the twenty-three remaining German tribes, numbering no more than 1,000,000 people, if that much. Even this "corridor," however, was infiltrated by Slavs.

The Slavs thus probably occupied about two-thirds of the geographic area now known as Germany and made it their home. They held these lands for five hundred, and in some cases, for over a thousand years. The German *Drang nach Osten* — the "reconquest" of the eastern lands — did not begin until the ninth century, at first with small success. For after the year 1000 Boleslav the Brave built a great Polish state and effectively blocked the German thrust to the east. Not until the middle of the twelfth century did German nobles succeed in seizing some north-central lands from the Slavs. In 1140 Count Adolf von Holstein conquered the east coast of Holstein and sent out appeals to west Germany "to the end that all those who had sore need of land should go thither with their household to receive gifts of wide and fruitful soil, abounding in fish and meat and the sweetness of fat pastures." Other German nobles, and even Polish ones who had become Christian — Albert the Bear of Brandenburg, the Archbishop of Magdeburg, the Margrave of Meissen — followed the example of Count Adolph and initiated a religious crusade against the Slavs under the slogan: "He who will not be baptized shall die." Mecklenburg, Pomerania, Brandenburg, Saxony, Silesia were conquered politically. But the new German settlers did not oust the Slavs, numerically preponderant in most of those regions. The two "races" simply fused or, as German historians state it,

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"the Slavs were absorbed." Eugenically there is nothing to choose between absorption and fusion.

The third large dose of "foreign" blood was infused into Germany in the seventeenth century. Already, as we have seen, Germany was largely Slav in the center and in the east, and partially Hun in the south, not to mention the Rhenish district which was Romanized. Now two great events further served to dilute the "pure" German blood: the Thirty Years' War, and Brandenburg's expansion and colonization.

The Thirty Years' War, fought for politico-dynastic reasons but in the name of religion, left Germany wrecked. One need not detail the horror, the brutality, the conflagrations, the deadly epidemics of that utterly inhuman and senseless conflict. Friend and foe, Swedes and Austrians, Germans and French, Danes and Tatars, Cossacks and Hungarians, Catholics and Protestants, all marched up and down the stricken land, ravaging and burning, raping and killing. One million people were annihilated in Saxony within two years; out of three million Bohemians only some seven hundred thousand remained after the war; Württemberg lost three hundred and fifty thousand out of a total of four hundred thousand people. In thousands of villages ninety-eight percent of the population disappeared; nine-tenths of the cattle was destroyed; three-fourths of the soil was laid waste. "Friend and enemy," the municipal council of Berlin complained, "have made the land a desert. . . . The fields of the peasants are abandoned. All industry is prostrate. Towns and villages are in ruins; for miles and miles one will find neither people nor cattle, not a dog or a cat."

The loss in population was the greatest disaster to Germany. When the war broke out in 1618, Germany had had some 16,000,000 people; when the conflict ended in 1648, only 4,000,000 were left. There was a fear that the nation would become extinct. The local diet of Nuremberg proposed that the clergy marry and that each man take two wives. That Germany ever recovered from this loss of three-fourths of her productive population is miraculous.

From the racial point of view, it is important to keep in mind that the Thirty Years' War was most damaging to those areas where the population was more Teutonic than Slav. For the Slavic northern and eastern lands — Brandenburg, Pomerania, and Prussia — suffered comparatively less than the rest of the

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Reich. In the Hohenzollern territories of Brandenburg only a little over half the population was destroyed, whereas the percentage of mortality in the rest of Germany was three-fourths. Berlin may be taken as a typical example; in 1619 it had 12,000 people, and in 1654 only 6,000. The Duchy of Prussia, a Polish land which became the backbone of the Hohenzollern monarchy, was farthest removed from the scenes of conflict and had fewer losses in population than the other Germanic states.

The student of population must not neglect another aspect of the war, namely bastardy. The belligerents, especially the Holy Roman Emperor, unloosed upon Germany a horde of Cossacks and Tatars who both killed and raped. In violence, as perpetrated against women, there was nothing to choose between the European and the Asiatic soldiery. Both, to use a brutal phrase, imposed their paternity upon a reluctant people.

The disintegration of Germany had far-reaching effects upon the national character and institutions. Even the German language became corrupted. At least 2,000 French words found their way into German speech, not to mention Franco-Latin structure and suffixes which completely transformed the German tongue. The great Goethe, as late as the eighteenth century, still used hundreds of non-German words. One cannot read the German of the time without a sound knowledge of French.[1] "I believe," a seventeenth century German writer satirized his contemporaries, "that if one opened the heart of a *Deutschling* and looked into it, one would find there 5/8 French, 1/8 Spanish, 1/8 Italian, and hardly 1/8 German." Indeed no German scholar, except occasionally Leibniz, used his mother tongue. Latin was the language of science and scholarship, and even politics; French was the language of society.

The Treaty of Westphalia (1648) destroyed the last thread of German unity by Balkanizing the Reich. The peace settlement created some two thousand separate Germanies, of which three hundred were sovereign states, each with its own court, administration, flag, army, and loyalties. Some of these sovereign prince-

[1] A typical and amusing example of seventeenth century German is the following lyric (the French words are in italics):

*Reverirte* Dame,
Phoenix meiner *ame*,
gebt mir *audienz*.
Eure Gunst *meriten*
machen zu *falliten*
meine *patienz*.

Ihr seid sehr *capable*,
ich bin *prévalable*,
in der *eloquenz*,
aber mein *serviren*
pflegt zu *dependiren*
von der *influenz*.

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lings ruled two square leagues of territory; others were the autocrats of a few hundred acres of land. Out of this welter of "states" and races Bismarck was to attempt to create a nation; and it was then that the myth of Nordic-German superiority was found to be so useful in restoring the people's self-respect.

The makers of the peace of Westphalia — French, Swedes, and Austrians — further helped to de-Teutonize the Reich by granting eastern Pomerania to the Elector of Brandenburg. Pomerania, supposedly the cradle of the typically Teutonic Prussian Junkers, was, as far back as the ninth century, an entirely Slavic land. Its name, deriving from the Polish word *Pomorze*, meaning "beyond the sea," shows its Slavic origin.

Frederick William, known as the Great Elector of Brandenburg and the real founder of the Prussian monarchy, had no nationalist or racial bias. Having acquired Polish Pomerania, he yearned for more Polish territory. He held the Duchy of Prussia in fief from the Polish crown, for which he paid an annual tribute of 120,000 florins. Two decades after he came to the throne, during the Swedish-Polish war, Frederick William had so unscrupulously manœuvred his position that the hard-pressed King of Poland was compelled to cede Prussia to the Hohenzollerns in perpetuity (1660). Prussia became not only the basis of the Hohenzollern monarchy but also gave that ruling family its royal title.

Neither Prussia nor Pomerania was German land. The Teutonic Order had conquered the Baltic provinces in the Middle Ages (and lost them again in the fifteenth century), but it was only a political conquest; the mass of the population in the towns and villages remained Polish. The ruling class had been Germanic, or Germanized, during the reign of the Order, but Polonized soon after those territories reverted to Poland. In any case it made no difference to the Polish peasants in Prussia whether their overlords were German or Polish; they, the masses, toiled on the land with a total disregard for racial theories.

The German nobles in Prussia had long intermarried with the Polish aristocracy, and many adopted Polish names. Thus von Mortangen became Morteski, Krockow changed to Krokowski, von Konopath was metamorphosed into Konopacki, von Prebendow turned into Przebendowski. In the Prussian diet of 1572 all the deputies, except the voyevoda of Marienburg, spoke Polish and listened to the royal instructions in that tongue. Twenty

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years later the voyevoda of Marienburg resigned his presidency of the Senate to a colleague who was more efficient in Polish, "which language," he said, "is now commonly in use." Only some northern towns of Prussia — Marienburg, Elbing, Königsberg — retained their German speech; but they were isolated islands in a Polish sea.

The Great Elector, like the other German princes, was in the pay of France, although not always faithful to his paymaster. In fourteen years, from 1674 to 1688, he received 3,000,000 gulden in the form of subsidies, mainly from Louis XIV; all his ministers were likewise in the pay of the Sun King. Thus when Louis XIV, in 1662, robbed Germany of Lorraine, Frederick William, far from being indignant, received the news with "much courtesy." "He," the French Ambassador in Berlin reported to Louis XIV, "congratulates the king upon it." But Frederick William did more than pocket French gold; he also invited Frenchmen to settle in his depopulated dominions. When in 1685 Louis XIV revoked the Edict of Nantes which had guaranteed religious toleration to French Huguenots, the Great Elector of Brandenburg wisely appealed to the persecuted French Protestants to make their home in his territories. He granted the émigrés every facility for settlement. The Huguenots, comprising some of the ablest and most industrious French citizens, came to Brandenburg twenty thousand strong and finally merged in the German population. To them Germany, especially the Prussian monarchy, owed much of its industry, its horticulture, its skilled crafts, its prosperity.

Three-quarters of a century later Frederick the Great, who in respect to colonization followed his great-grandfather's example, paid these Frenchmen his honest tribute. "The industry of the French," Frederick wrote, "has enriched us with all these manufactures; they established factories of linen, serge, bunting, drugget, grey gown, crêpe, beaver hats, beaver and hare skins, and the dyeing of all these stuffs. Some of them became merchants and retailed the goods of the others. They gave to Berlin goldsmiths, jewellers, clock-makers, and sculptors. Those who settled in the country cultivated tobacco and raised in these sandy regions excellent fruit and vegetables."

When the Great Elector died in 1688 his territories and population had increased by one-third. He had added 13,000 square miles to the original 35,000, and 300,000 people to the 900,000

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which he had inherited. The new lands were all Polish, and the new population was Polish and French.

Frederick the Great, the much-invoked hero of the neo-Teutons, was the ruler of an essentially Slavic kingdom and he was neither a racist nor a "Nordic." Like his ancestors, he had a desire for more Polish territory and a love for "foreign" colonists. It is notorious that he disliked everything German, including the language. Prussians, in his opinion, were good only for cannon fodder. But unlike other German rulers who were in the habit of selling their subjects as mercenaries to foreign potentates, the Prussian king never sold his. On the contrary, he increased his population by conquest, colonization, and plain robbery. And the newly acquired subjects were non-Nordic.

In 1741 Frederick, as is well known, seized the province of Silesia from Maria Theresa. This Catholic land, Germanized under the Hapsburgs, embraced an area of 600 square miles and contained 1,200,000 inhabitants. Like the other eastern territories, Silesia was originally Polish, and a portion of it has since reverted to that country. The Hohenzollern crown now possessed a good-sized Polish kingdom: Pomerania, East Prussia, Silesia. But West Prussia, Ermeland, Danzig, and the contiguous lands — the present-day Polish "Corridor" in part — were still under the control of the Warsaw government. For strategic and commercial reasons, Frederick schemed to wrest these provinces from the Poles. For these lands would not only "round out" the scattered Hohenzollern possessions, but would also give Prussia control over the Vistula River all the way to Danzig, and thereby strangle Polish commerce. "We will become," Frederick said frankly, "the master of all Polish products and all imports, which are considerable."

With the aid of Catharine II ("the Great") of Russia, Frederick consummated his project. In 1771 he and the Tsarina concluded a treaty whereby each was to take a specified slice of Polish territory; in the following year Austria reluctantly acceded to this international hold-up. So eager was the Prussian king to lay hands on the coveted Polish lands that even before he signed the treaty — the so-called First Partition of Poland — he sent dragoons into the peaceful province, quartered them upon the Polish folk, taxed them, and confiscated provisions. More than that; the royal friend of Voltaire acted like an Attila. "The King of Prussia," to quote the Saxon Ambassador in Berlin, "has

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caused to be taken from Poland nearly 7,000 girls of from sixteen to twenty years of age, and he demands that, from every tract of so many acres, there shall be delivered to him a maiden or girl with cow, a bed, and three ducats of money." A feather-bed, four pillows, and two pigs completed this compulsory dowry. "This rigor," the Saxon diplomat concluded, "has driven the people to despair." The Polish girls were then transported to Pomerania and there forced to marry. Presumably, they became the mothers of pure-Teutonic offspring.

To Frederick, the 644 square miles of Polish territory with an annual income of 2,000,000 crowns which the First Partition netted him, were of greater importance than the 600,000 new subjects. But to the student of population, an addition of over half a million people to a state which totalled no more than three million is a fact of significance. Not counting the Second and Third Partitions of Poland, which brought the Hohenzollerns more Polish land and people, we may conclude that the kingdom of Prussia, the largest state in Germany, was already by the end of the eighteenth century an overwhelmingly Slavic state.

But it would be a mistake to assume that Prussia is all Slav. Its blood is probably only nine-tenths Slav, as in the rest of Germany it is about three-fourths Slav. The other elements in the Reich are Dutch, Bohemian, French, Jewish, and Teutonic. For the colonization policy of the Great Elector was continued by his successors, the first three kings of Prussia. At the end of one century of settlement, in 1770, one-sixth of Prussia's population, approximately 600,000 persons, were either colonists or descendants of colonists, Dutch, Czech and French.

As for the Jews, they had lived in the Reich, particularly in the Rhineland, as long as the Germans, having come there either with or soon after Julius Cæsar. Although the Germans had always treated the Jews brutally, killing them in times of crisis, as during the Crusades, it is obvious that not all the Jews were exterminated. Germany now has only some half a million Jews, an astonishingly small number when one considers merely arithmetical augmentation over a period of more than fifteen hundred years. In the Middle Ages compulsory conversions of Jews to Christianity were frequent. Later, especially in the eighteenth century under the misinterpreted teachings of Moses Mendelssohn, Jewish conversions were so numerous that the historian Graetz was led to exclaim: "It must be considered a

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miracle that the entire Jewish party of enlightenment in Germany did not abjure Judaism." As late as 1823 in Berlin 1,236 Jews turned Christian. Intermarriage followed apostasy. Consequently the percentage of Germans having Jewish blood must be considerable. The accepted figure of partially Jewish Germans is 5,000,000, but it may be as high as 10,000,000.

It is sad that at this late date in Occidental civilization one should have to repeat the obvious: that creative achievements are the result of cross-fertilization of mind and body; that culture is a continuous process to the making of which all nations and "races" have contributed; and that, finally, no one nation can truthfully claim either racial purity or cultural originality.

Modern Germany is a "melting pot" of most of the peoples of Europe, and for that reason it has made fine contributions to European culture in the last century. One need not have the testimony of a scientific German ethnologist, to the effect that only a fraction more than one percent of the Reich's population is Teutonic, to know that there are dark-haired Germans and red-haired, long-headed and square-headed, broad-faced and narrow-faced; there are even blond and blue-eyed Germans.

The pure-race theory is a colossal lie. Only those devoid of self-respect prate about "pure" blood, when all corpuscles look alike under the microscope. At least one fascist dictator knows that. "Of course there are no races left," Mussolini said; "not even the Jews have kept their blood unmingled. Successful crossings have often promoted the energy and the beauty of a nation. Race! It is a feeling, not a reality . . . National pride has no need for the delirium of race."

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# THE EXPANSION OF JAPANESE RULE

*By Edgar Packard Dean*

WITHIN the recollection of men still alive, Japan has evolved from a small feudal principality voluntarily shut off from the rest of the world to the status of a Great Power whose influence is felt in every quarter of the globe. Seventy years ago Japan had a population of 33 million. The present Japanese Empire, excluding Manchuria, has 92 million subjects, a total surpassed only by the United States, the British Empire, Russia and China.

*The Consolidation of Japan Proper.* At the time of the Meiji Restoration in 1868 Japan consisted of the four large islands of Hokkaido, Honshu, Shikoku, and Kyushu, and a peripheral zone of 4,068 islets. The total land area was 146,689 square miles. The country was economically self-sufficient; and the population, some 30 million, had been stationary for a century and a half.

The first instances of expansion should be regarded as the realization of nominal claims of sovereignty. In 1875 the *Kuriles*, a chain of thirty islands lying to the northeast, were formally annexed (see map). The islands had and still have a primitive economy, furs and fish being the principal exports. Two years later Japan acquired the *Bonin Islands* after a period of contested ownership with the United States. These are a group of 27 islands, with a population of 5,000 souls; they have a vegetation of tropical luxuriance and possess many valuable woods. (The adjoining *Volcano Islands* were annexed in 1891.) In 1879 the *LuChus* were annexed by virtue of Japan's position as feudal overlord. The LuChus form an archipelago of 55 islands. The soil is fertile, and crops are fairly diversified, sugar cane being the most important. The people are of the same racial stock as the Japanese.

*Formosa* (*Taiwan*) was acquired from China in 1895 as a result of the Sino-Japanese War. This is a tropical island situated a hundred miles off the Asiatic coast, with a land area of 13,840 square miles. It is Japan's tropical storehouse *par excellence*. Tea, rice, lumber and sugar are produced in abundance, sugar being considered the most important for the future development of the island. Camphor woods are extensive and the world output of camphor is virtually controlled by Japan. Formosa and the neighboring Pescadores have a population (1932) of 4.6 million, of which 94 percent are Chinese. The Japanese, though only 5 percent of the total population, control the island's political and economic life.

*Korea* (*Chosen*). Economic preponderance in the independent kingdom of Korea (85,613 square miles) was granted to Japan in 1905 as a result of the Russo-Japanese War. Formal annexation came in 1910. Korea is mainly agricultural, the chief crops being wheat, barley, rice and the soya bean. In 1910 the population was 13.3 million; in 1932 it was 20.5 million, of whom only 2.5 percent were Japanese. Here, too, the Japanese colonists dominate the political and economic life.

*Sakhalin.* By the Treaty of Portsmouth in 1905 Russia gave all the island south of the fiftieth parallel to Japan. The Japanese part, Karafuto, has a land area of 14,000 square miles. The island has a cold, foggy climate with only one

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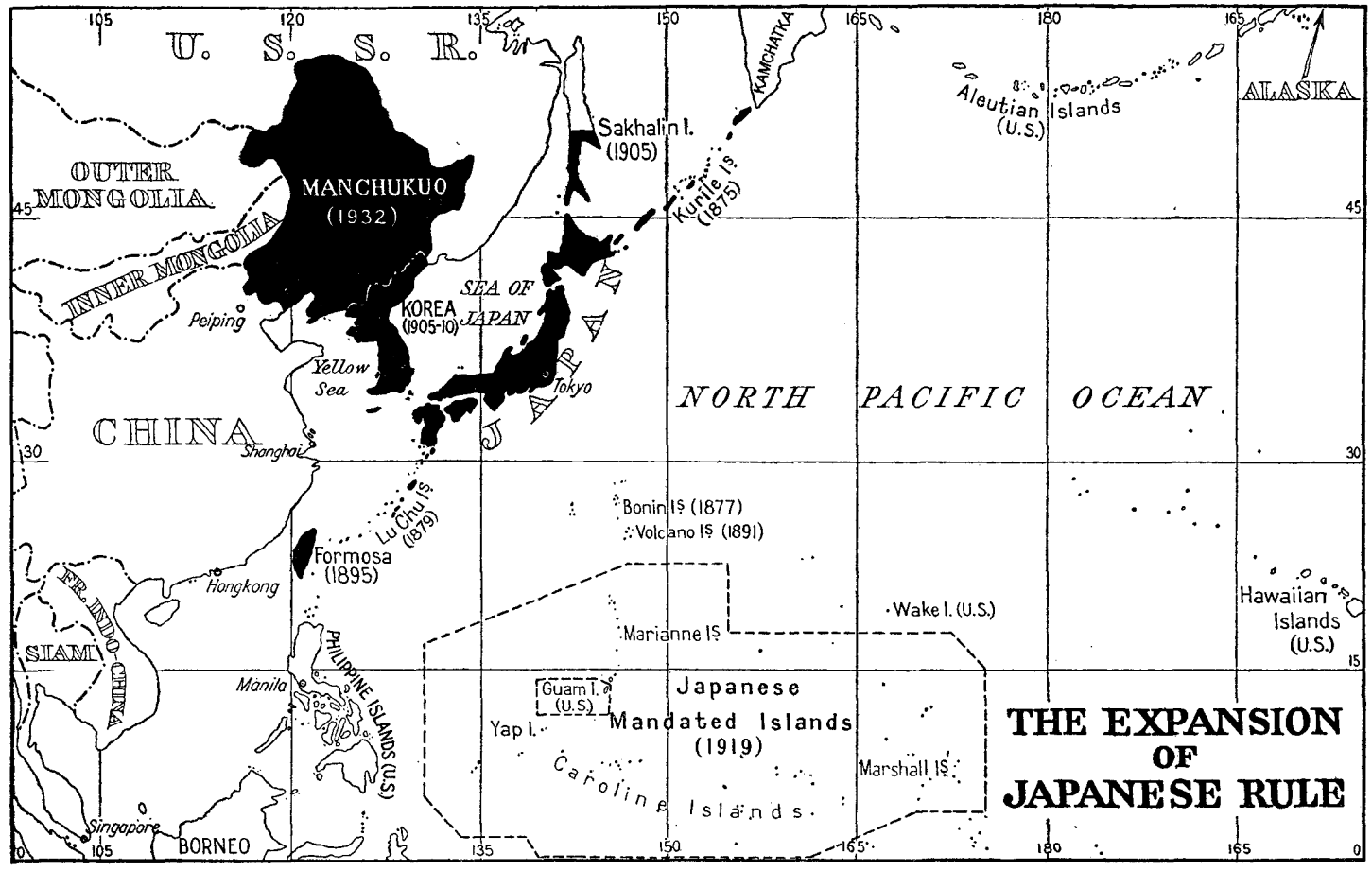


THE EXPANSION OF JAPANESE RULE

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hundred days suitable for crops. Fisheries, forests and mines constitute the basis of the economic life. Small but rich coal deposits are being actively developed. Of a total population of 295,000, nearly 98 percent are Japanese.

*The Mandated Islands*. One of Japan's few gains at Versailles was a mandate over the formerly German-owned islands in the Pacific comprising the Marianne, Caroline, and Marshall groups. The Mandated Islands are a salient dividing the United States possession of the Hawaiians in the east from the Philippines in the west, and making Guam an isolated American colony in a Japanese sea. The Mariannes have a fertile soil adapted to the raising of sugar cane, and Japan has done much to promote this crop. The Carolines, with valuable phosphate mines, are the administrative and naval center for the entire mandated zone. The Marshalls are rich in coconut palms and copra. The three archipelagoes as a group are highly valuable to Japan. They are valuable for strategic reasons, for their products, and as an outlet for Japanese emigration. As a result of government policy, the population of the islands has increased from 52,000 in 1920 to 80,500 in 1933. Of this gain of 28,500 all but 1,500 were emigrants from Japan. It is these Mandated Islands that Japan has been accused of fortifying in violation of the Treaty of Versailles.

*Manchukuo* (*including the Kwantung Leased Territory and the South Manchuria Railway Zone*). Territorially this is the largest of the areas controlled by Japan. It comprises some 548,000 square miles, an area more than twice the size of Texas, and has a population of 31 million, of whom 2.7 percent are Japanese. Of all the areas under Japanese control, Manchukuo is by far the most valuable. The soil is fertile and gives Japan a supply of many food products. The amount of cotton which is raised can be increased, though never to the point of supplying the mother country with all its needs. There are extensive mines of coal and iron, key minerals in which Japan is very deficient. As an outlet for population and as a source of raw materials, Manchukuo is invaluable to overcrowded, industrialized Japan.

This brief sketch of the growth of the Japanese Empire reveals several significant facts. In the first place, the expansion of the Empire was not an affair of logic. It had begun even before Japan was mistress of her own household. Expansion into the Pacific and over the Asiatic continent was simultaneous, forcing Japan to become both a naval and a land power. In the second place, many of the Japanese gains have been made at the expense of China, and this despite the fact that the two Powers have been formally at war for only a few months in a sixty-year period. Thirdly, the number of Japanese in the colonies is not large. Only 5 percent of the population of Formosa is Japanese; in Korea the proportion is only 2.5 percent; and in Manchukuo 2.7 percent.

Lastly — and this is a strategic consideration — the Japanese possessions are so situated as to form two cordons of defense against any approach to Eastern Asia by sea. The inner defense lies along the line of the islands of Japan proper, extending northeast to the Kuriles and southwest to Formosa. The outer cordon is a great arc, beginning on the Japanese mainland behind Tokyo, reaching east and south to the Bonin Islands, passing through Yap, and terminating south of the Philippines. Inside these two strategic lines, Tokyo can exercise its naval strength as it chooses. Japan is, indeed, free to become a continental power because she is already a Pacific power.

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# SOME RECENT BOOKS ON INTERNATIONAL RELATIONS

*By William L. Langer*

NOTE—FOREIGN AFFAIRS will supply its readers, *post free*, with any book published in the United States, at the publisher's regular list price. Send orders, accompanied by check or money order, to Book Service, FOREIGN AFFAIRS, 45 East 65 Street, New York City.

## *General: Political and Legal*

THE FOREIGN POLICY OF THE POWERS. PUBLISHED FOR THE COUNCIL ON FOREIGN RELATIONS. New York: Harper, 1935, 161 p. $1.50.

An important volume in which Jules Cambon, Richard von Kühlmann, Sir Austen Chamberlain, Dino Grandi, Viscount Ishii, Karl Radek and John W. Davis describe the permanent factors which condition the policies of the seven Great Powers.

SURVEY OF INTERNATIONAL AFFAIRS, 1933. BY ARNOLD J. TOYNBEE AND V. M. BOULTER. New York: Oxford University Press, 1934, 646 p. $8.00.

The latest volume of this well-known publication is varied in content, for it begins with a review of world economic affairs (by H. V. Hodson), a large part of which is devoted to American developments and the World Economic Conference, and ends with discussions of disarmament and security, inter-American affairs and the Far East. Other interesting sections describe the advent of the Nazi régime in Germany, and the reaction in other countries, especially those of the Little Entente.

POLITICAL HANDBOOK OF THE WORLD, 1935. EDITED BY WALTER H. MALLORY. Published for the Council on Foreign Relations. New York: Harper, 1935, 201 p. $2.50.

The new edition of this standard handbook takes account of political events in all countries up to January 1, 1935. Each section includes essential facts regarding parliaments, parties, political leaders, the press, etc.

SHACKLED DIPLOMACY. BY MICHAEL DEMIASHKEVICH. New York: Barnes, 1934, 244 p. $2.50.

A study of the permanent factors in diplomacy, in which the author comes to the not very astonishing conclusion that ideas of revenge, of "national mission" and of vital interests are the motive forces now predominant.

WELTPOLITIK VON HEUTE. BY KARL HAUSHOFER. Berlin: Zeitgeschichte, 1934, 269 p. M. 3.60.

A well-illustrated survey of the basic factors in international relations — geographical factors, racial problems, distribution of raw materials, etc.

A SHORT HISTORY OF INTERNATIONAL AFFAIRS, 1920–1934. BY G. M. GATHORNE-HARDY. New York: Oxford University Press, 1935, 363 p. $3.00.

This volume, published under the auspices of the Royal Institute of International Affairs, aims to give the general reader a connected survey of the main lines of international relations in the past fifteen years. Needless to say it is well-informed and reliable. Covering so large a range, it sometimes seems a bit scrappy, but it will undoubtedly be a welcome handbook for the non-specialist who tries to follow world affairs.

STAATSTYPEN DER GEGENWART. BY H. NAWIASKY. St. Gall: Fehr, 1934, 207 p. M. 7.

A series of lectures, analyzing and comparing the various forms of governmental organization from absolutism through liberalism to the dominant types of today.

EINFÜHRUNG IN DAS ANGEWANDTE VÖLKERRECHT. BY R. BLÜHDORN. Vienna: Springer, 1934, 256 p. M. 16.80.

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A stimulating essay on international law as theory and practice, with due reference to psychological, historical and political factors.

FREEDOM OF THE SEAS. By Earl W. Crecraft. New York: Appleton, 1934, 304 p. $3.00.

An able restatement of the traditional American position, together with a defense of that position against recent proposals to scrap the old ideas of neutrality. The author concludes that it is best not only for this country but for the world at large.

DISCURSOS INTERNACIONALES. By Salvador de Madariaga. Madrid: Aguilar, 1934, 253 p. Pes. 5.

Addresses of the post-war period, touching especially disarmament.

THE LEAGUE YEAR-BOOK, 1934. Edited by Judith Jackson and Stephen King-Hall. London: Nicholson, 1934, 598 p. 12/6.

The third annual edition of a valuable hand-book, devoted largely to a review of the work of the League during the past year and containing an indispensable and exhaustive bibliography.

A BETTER LEAGUE OF NATIONS. By F. N. Keen. London: Allen and Unwin, 1934, 160 p. 5/.

The author proposes to vest ultimate power in the Assembly.

INTERNATIONAL INTELLECTUAL CO-OPERATION. London: Allen and Unwin, 1934, 194 p. 2/.

A detailed official record of the activities of the Institute of Intellectual Coöperation.

LABOR IN THE LEAGUE SYSTEM. By Francis G. Wilson. Stanford: Stanford University Press, 1935, 396 p. $4.00.

A scholarly monograph, based upon extended research and observation. The author reviews the Labor movement which led to the establishment of the I. L. O., and then analyzes the latter's structure, working and accomplishments.

MANDATS ET SOUVERAINETÉ. By L. Comisetti. Paris: Sirey, 1934, 168 p. Fr. 30.

The vexed question of sovereignty over mandated areas discussed again, with special critical treatment of Article XXII of the Covenant.

INTERNATIONAL NARCOTICS CONTROL. By L. E. S. Eisenlohr. London: Allen and Unwin, 1934, 295 p. 10/6.

A systematic, critical account of the League's work for the control of narcotics. One of the best books on the subject.

WHY WARS MUST CEASE. Edited by Rose Young. New York: Macmillan, 1935, 170 p. $1.00.

A collection of articles by ten leading American women workers in the cause of peace.

CHALLENGE TO DEATH. London: Constable, 1934, 343 p. 5/.

A collection of essays, many of them incisive as well as eloquent, by some of the leading British advocates of peace.

THE POWER OF NON-VIOLENCE. By Richard B. Gregg. Philadelphia: Lippincott, 1934, 359 p. $2.50.

The philosophy of non-violence and the possibility of its use in the western world, by a friend and follower of Gandhi.

THE PIPE DREAM OF PEACE. By John W. Wheeler-Bennett. New York: Morrow, 1935, 318 p. $3.00.

Probably the best short examination of the Disarmament Conference and the reasons for its failure to accomplish anything. The author dissects the problem itself, and then puts it in its world setting and tries to determine what factors in the general international situation contributed to ruining the effort at agreement.

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A SEARCHLIGHT ON THE NAVY. By Hector C. Bywater. Toronto: Macmillan, 1934, 320 p. $3.50.

A well-known British writer reviews the naval situation in the world at large, criticizes the limitation agreements since 1922, and suggests new conditions of limitation.

INTERNATIONAL TRAFFIC IN ARMS AND MUNITIONS. Compiled by Julia E. Johnsen. New York: Wilson, 1934, 294 p. 90 cents.

A collection of abstracts and other materials for reference.

"ONE HELL OF A BUSINESS." By Helmuth C. Engelbrecht. New York: McBride, 1934, 95 p. $1.00.

An analysis of the evidence submitted to the Senate investigating committee, by one of the authors of "Merchants of Death."

NATIONALITY AND THE PEACE TREATIES. By William O. Molony. London: Allen and Unwin, 1934, 278 p. 7/6.

An important book, by a League official. The author defends the peace treaties and the minority protection provisions, but pleads for the hundreds of thousands who were made stateless, especially in the Succession States of the Hapsburg Monarchy.

WORLD POLITICS AND PERSONAL INSECURITY. By Harold D. Lasswell. New York: McGraw-Hill, 1934, 307 p. $3.00.

A stimulating psychological approach to international relations, by a well-known writer on propaganda technique. The author examines the basic concepts and symbols which are so potent in the national or class mentality, discussing the ideas of balance of power, security, equality, imperialism, etc. He then turns to economic factors, travel and contact, the molding of opinion and general political attitudes.

MOBILIZING FOR CHAOS. By O. W. Riegel. New Haven: Yale University Press, 1934, 231 p. $2.50.

This is a book that had to be written and that should be widely read. No other volume gives factually and in brief scope the story of modern news control. It deals not only with the complete domination of the press by the governments in Japan, Russia, Germany and Italy, but also with the radio and the news agencies. There is probably no problem in international relations more serious than this, and no one interested in modern politics can afford to overlook this excellent presentation of the salient facts regarding the mobilization and control of public opinion.

DAS INTERNATIONALE ZEITUNGSWESEN. By Karl Bömer. Berlin: De Gruyter, 1934, 134 p. M. 1.60.

Another excellent study, dealing chiefly with the economic and political organization of the press in pre-Nazi Germany, but discussing also conditions in other countries.

LE MYTHE DE LA DÉMOCRATIE. By C. M. Vicard. Paris: Figuière, 1934, Fr. 10.

Still another telling attack upon the domination of the press.

OUR OWN TIMES, 1913–1934. By Stephen King-Hall. London: Nicholson, 1935, 449 p. 10/6.

The first volume of a thoughtful political and economic synthesis in which the author attempts to explain the death of an old order and the birth of a new.

FOUR PATTERNS OF REVOLUTION. By Ethan Colton. New York: Association Press, 1935, 313 p. $2.50.

A competent and interesting book, aimed at supplying the layman with an understandable survey of the Bolshevik, Fascist and Nazi experiments and at interpreting the objectives of the New Deal.

LA RÉVOLUTION DÉMOGRAPHIQUE. By Adolphe Landry. Paris: Sirey, 1934, 229 p. Fr. 25.

A survey of present-day population problems.

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MODERN TRENDS IN WORLD RELIGIONS. Edited by A. Eustace Haydon. Chicago: University of Chicago Press, 1934, 255 p. $2.50.

A valuable survey, by various authorities, of the influence and effects of scientific thinking and new social and political forces upon the leading religions of the world.

## *General: Economic*

SURVEY OF CONTEMPORARY ECONOMICS. Edited by Norman S. Buck. New York: Nelson, 1934, 846 p. $3.00.

A collection of articles from the *New York Times*, supplying the story of American economic developments from January 1933 to July 1934.

THE CORRECT ECONOMY FOR THE MACHINE AGE. By A. G. McGregor. New York: Pitman, 1935, 256 p. $2.00.

A business man's explanation of the crisis. His suggestions for a solution hinge chiefly on a rise in salaries and wages to increase purchasing power and restore the balance of production and consumption, and on a regulation of foreign trade and exchange.

INTERNATIONAL ECONOMIC RELATIONS. Minneapolis: University of Minnesota Press, 1934, 406 p. $3.00.

The report of the Commission of Inquiry into National Policy in International Economic Relations. The conclusions oppose isolation and favor stimulation of foreign trade by a lowering of the tariff.

THE FUTURE OF GOLD. By Paul Einzig. New York: Macmillan, 1934, 145 p.

The author discusses some current fallacies.

GERMAN MONETARY THEORY, 1905–1933. By Howard S. Ellis. Cambridge: Harvard University Press, 1934, 477 p. $5.00.

A thorough, scholarly study of monetary theories in Germany and Austria, but with reference also to those held by Scandinavian and English writers. One of the best critical accounts of the problem.

STABLE MONEY. By Irving Fisher. New York: Adelphi, 1934, 442 p. $3.50.

An historical study. Professor Fisher reviews the long struggle to attain a stable money and discusses at length recent theories and developments in Europe and America.

THE INEVITABLE WORLD RECOVERY. By Harold Fisher. New York: Doubleday, 1935, 253 p. $2.00.

A forecast of the new trade cycle, based primarily on a study of the monetary aspects of the crisis.

ABOUT MONEY. By Erich Roll. Toronto: Ryerson, 1934, 255 p. $2.00.

An introduction to general monetary theory, giving a good survey of recent views.

MONEY, FOREIGN TRADE AND EXCHANGE. By H. J. Welch. London: Allen and Unwin, 1934, 158 p. 4/6.

A dispassionate analysis by an author who is not wedded to the gold standard.

DIE UMGESTALTUNG DER ZWISCHENSTAATLICHEN WIRTSCHAFT. By August Sartorius von Waltershausen. Jena: Fischer, 1935, 326 p. M. 17.

A general review of the vicissitudes of international trade since the beginning of the war, by an eminent authority.

LIBERALE UND PLANWIRTSCHAFTLICHE HANDELSPOLITIK. By G. Haberler. Berlin: Junker und Dünnhaupt, 1934, 121 p. M. 6.50.

A competent, succinct survey of modern tendencies in international trade control and of the problems arising from the conflicts of opposing systems.

LE PROBLÈME DU COMMERCE INTERNATIONALE. By F. Oules. Paris: Sirey, 1934, 483 p. Fr. 50.

Present-day national control, with special reference to legal aspects.

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ECONOMIC PLANNING AND THE TARIFF. By James G. Smith. Princeton: Princeton University Press, 1934, 331 p. $3.00.

The author criticizes price-fixing, quotas, exchange manipulation and other current practices as menacing the chances of recovery.

INTERNATIONAL COMBINES IN MODERN INDUSTRY. By Alfred Plummer. New York: Pitman, 1934, 191 p. $2.50.

A review of recent tendencies in some of the leading industries.

THE STRATEGY OF RAW MATERIALS. By Brooks Emeny. New York: Macmillan, 1935, 216 p. $3.00.

A technical study with reference primarily to the position of the United States.

KOHLE UND EISEN IM WELTKRIEGE UND IN DEN FRIEDENSSCHLÜSSEN. By F. Friedensburg. Munich: Oldenbourg, 1934, 332 p. M. 7.50.

This is a long-needed book, as important for the student of politics as for the student of economics, for it brings together a mass of material showing the influence of coal and iron supplies upon international relations before and during the war, and analyzes in detail the part played by these important materials in the formulation of the peace terms. Such subjects as the Upper Silesian question, the invasion of the Ruhr, and of course the Saar problem, are dealt with at some length.

THE BUDGET IN GOVERNMENTS TODAY. By A. E. Buck. New York: Macmillan, 1934, 349 p. $3.00.

A useful handbook giving the essential facts regarding the budget systems in this and various European countries.

ENDING THE UNEMPLOYMENT AND TRADE CRISIS. Edited by Edgard Milhaud. London: Williams, 1935, 354 p. 6/.

A series of essays by prominent economists touching on the editor's proposals for the introduction of purchasing certificates and an international clearing system.

## *International Relations of the United States*

THE STUDY OF INTERNATIONAL RELATIONS IN THE UNITED STATES. Edited by Edith E. Ware. New York: Columbia University Press, 1934, 503 p. $3.50.

A systematic survey of existing agencies and opportunities for study, making, in the large, an impressive showing.

THE AMERICAN DIPLOMATIC GAME. By Drew Pearson and Constantine Brown. New York: Doubleday, 1935, 398 p. $3.00.

A lively account of American policy in the last half-dozen years, with special reference to the problems of coöperation and isolation. Full of gossip and report, some of it well founded, but not all of it as novel as the authors seem to think.

FRIENDLY RELATIONS. By Beckles Willson. Boston: Little, Brown, 1934, 347 p. $4.00.

Amiable biographical and historical essays on the long line of British ministers and ambassadors to Washington.

AUTOPSY OF THE MONROE DOCTRINE. By Gaston Nerval. New York: Macmillan, 1934, 368 p. $3.75.

The author, a Latin American writing under a pseudonym, regards the doctrine as a thing of the past and indicts it on numerous counts, the gist of the argument being that the pronouncement of the doctrine was superfluous to begin with, that it was intended to serve selfish purposes, that it has been transformed to suit the needs of the United States, that it has not helped Latin America, and that it has arrested the development of true Pan-Americanism. The author has drawn freely on the best scholarly literature and makes out a strong case.

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THE STATE PAPERS AND OTHER PUBLIC WRITINGS OF HERBERT HOOVER. Edited by William S. Myers. New York: Doubleday, 1934, 2 v. $7.50.

The annual and special messages, proclamations, speeches, etc.

BLISS, PEACEMAKER. By Frederick Palmer. New York: Dodd, 1934, 486 p. $4.00.

An important contribution to the history of American diplomacy, based upon the papers of the former Chief of Staff and American member of the Supreme War Council. General Bliss was a learned soldier, an uncommon type, combining practical experience in the military art with a deep knowledge of history and a concern for contemporary international relations. The present volume contains chapters on Cuba (1898–1900) and the Philippines (1905–1909). But it of course derives its real importance from the light it throws on the conduct of the war and on the Paris Peace Conference. The author makes it clear that General Bliss exercised more influence on American policy as a member of the Supreme War Council than in framing the terms of peace. Some of his views, one is bound to think, often were nearer right than those of other advisers to whom the President listened with more attention in Paris. The volume devotes too little space to General Bliss's activities in the post-war years, when he arranged his political theories in order and wrote and spoke them publicly with great effect.

AN ADMIRAL FROM TEXAS. By Henry A. Wiley. New York: Doubleday, 1934, 322 p. $3.00.

A chatty book by a well-known American commander in the war.

TRUE ANECDOTES OF AN ADMIRAL. By Robert E. Coontz. Philadelphia: Dorrance, 1934, 123 p. $1.75.

The author, a leading advocate of preparedness, was for four years Chief of Naval Operations.

AMERICAN MILITARISM. By Elbridge Colby. Washington: Society of American Military Engineers, 1934, 122 p. $1.00.

An outline history of the organization and policy of the army.

THE NEW DEMOCRACY. By Harold L. Ickes. New York: Norton, 1934, 156 p. $1.50.

A vigorous defense of the New Deal by the Secretary of the Interior.

WHAT OF TO-MORROW? By Ogden L. Mills. New York: Macmillan, 1935, 151 p. $2.00.

Twelve speeches in which a Republican leader, former Secretary of the Treasury, discusses present trends in government policy.

THE NEW AMERICA. By Sir Arthur Steel-Maitland. New York: Macmillan, 1934, 252 p. $3.00.

A competent analysis and interpretation, based upon several months of detached study and observation of the New Deal.

THE ECONOMIC CONSEQUENCES OF THE NEW DEAL. By Benjamin Stolberg and Warren J. Vinton. New York: Harcourt, 1935, 85 p. $1.00.

The authors conclude that the tendency of the new system is to promote monopolistic trends at the expense of the middle classes.

THE BATTLE FOR DEMOCRACY. By Rexford G. Tugwell. New York: Columbia University Press, 1934, 336 p. $3.00.

A collection of addresses and essays by the Undersecretary for Agriculture.

LABOR'S FIGHT FOR POWER. By George E. Sokolsky. New York: Doubleday, 1934, 275 p. $2.00.

A superficial estimate of the effect of the New Deal on labor relations.

TAMING PHILIPPINE HEAD-HUNTERS. By Felix M. and Marie Keesing. Stanford: Stanford University Press, 1934, 288 p. $2.75.

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Despite the rather sensational title, this is a careful, scholarly study of governmental and cultural conditions and problems in northern Luzon.

## *The World War*

BIBLIOGRAPHIE ZUR VORGESCHICHTE DES WELTKRIEGES. By Alfred von Wegerer. Berlin: Quaderverlag, 1934, 136 p. M. 4.

A book that has long been needed. It lists the official documents, principal memoirs and important secondary works dealing with the origins of the war.

BRITISH DOCUMENTS ON THE ORIGINS OF THE WAR, 1898–1914. Edited by G. P. Gooch and Harold Temperley. London: H.M.S.O., 1934, 1190 p. 20/.

Volume IX, part 2, of the great British collection, covering the latter part of the Balkan Wars. The importance of this source requires no emphasis.

DOCUMENTS DIPLOMATIQUES FRANÇAIS RÉLATIFS AUX ORIGINES DE LA GUERRE DE 1914. Series III, v. VII. Paris: Costes, 1934, 666 p. Fr. 60.

The latest volume of the French series carries the subject to August 10, 1913.

WIRTSCHAFT UND STAAT IM SÜDOSTEUROPÄISCHEN RAUM, 1908–1914. By Gottfried Hobus. Munich: Reinhardt, 1934, 207 p.

A reconsideration of Austrian and German policy in the Balkans in the light of economic pressures. Based largely upon the Austrian Documents.

DIE ENGLISCHE POLITIK IM JULI 1914. By E. Anrich. Stuttgart: Kohlhammer, 1934, 536 p. M. 27.

A minute examination of British policy in the July crisis, based upon all available material.

A HISTORY OF THE GREAT WAR, 1914–1918. By C. R. M. Cruttwell. New York: Oxford University Press, 1934, 663 p. $5.50.

This is perhaps the best one-volume history of the war available in English. The work of a trained historian who himself served with the armies, it is dispassionate and yet critical. This sort of reliable, non-technical book has been lacking, and it therefore ought to make a wide appeal.

LA BATAILLE DES DEUX MORINS. By Colonel A. Grasset. Paris: Payot, 1934, 288 p. Fr. 20.

An important reconsideration of the Marne campaign, with plenty of criticism for both sides, and emphasis on the part played by Franchet d'Esperey.

LE CHEMIN DES DAMES. By General J. Rouquerol. Paris: Payot, 1934, 200 p. Fr. 18.

A well-known French military historian reviews the great engagement of April 1917.

UDARNAIA ARMIJA 1918 g. By N. Varfolomeyev. Moscow: Gosizdat, 1933, 203 p.

A study of the great German offensive on the West front in the spring and summer of 1918.

DER MANN, DER TANNENBERG VERLOR. By A. Noskoff. Berlin: Schlegel, 1934, 167 p. M. 3.35.

A translation from the Russian of important material on the defeat of Samsonov.

GIUGNO 1918. By G. Baj-Macario. Milan: Corbaccio, 1934, 427 p. L. 12.

A detailed technical account of the battle of the Piave, based upon material from the historical section of the High Command.

THE SUBMARINE PERIL. By Admiral of the Fleet Earl Jellicoe. Toronto: McClelland, 1934, 256 p. $3.00.

A reply and correction to the account given in Lloyd George's memoirs. Lord Jellicoe goes over the whole problem and describes the policy of the Admiralty in 1917.

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THE RIDDLE OF JUTLAND. By Langhorne Gibson and Vice-Admiral J. E. T. Harper. New York: Coward McCann, 1934, 433 p. $4.00.

Really a survey of the war on the sea, with a special treatment of the Jutland battle. The book is well-informed and accurate, using both German and British material, but it is somewhat rhapsodically favorable to Jellicoe.

DANGER ZONE. By Edward K. Chatterton. Boston: Little, Brown, 1934, 437 p. $4.00.

An authentic account of the Queensland command, by a well-known writer on naval affairs who served four years there.

GAS! THE STORY OF THE SPECIAL BRIGADE. By Major-General C. H. Foulkes. London: Blackwood, 1934, 377 p. 30/.

The most important book from the British side on the gas service during the war. The author was commander of the special brigade.

DER KAMPFWAGENKRIEG. By Ludwig Ritter von Eimannsberger. Munich: Lehmann, 1934, 216 p. M. 8.

A thorough study of tank warfare, one of the few German books on the subject.

DIE DICKE BERTA UND DER KRIEG. By Karl Justrow. Berlin: Historisch-Politischer Verlag, 1935, 108 p. M. 4.30.

Discusses the technical aspects of the Big Bertha and goes into the strategy and tactics of its use in the Great War.

ALL'S FAIR. By Henry Landau. New York: Putnam, 1934, 329 p. $3.00.

The British secret service behind the German lines during the war.

## *Western Europe*

L'EUROPE TRAGIQUE. By Gonzague de Reynold. Paris: Spès, 1934, 510 p. Fr. 20.

A philosophical discussion by a Catholic writer who concludes that the war ended the age of individualism and that the future lies with a resurrection of the mediæval monarchy and the guild system.

BOLSHEVISM, FASCISM AND THE LIBERAL-DEMOCRATIC STATE. By Maurice Parmelee. New York: Wiley, 1934, 430 p. $2.25.

A survey of the leading forms of government of the present day, with emphasis on the international, social and economic structure.

L'INQUIÉTUDE DU MONDE. By Francesco Nitti. Paris: Denoel et Steele, 1934, 357 p. Fr. 15.

After a long silence the Italian statesman returns to the attack, striking out at nationalism, communism and many other evils, and prophesying another war unless the world mends its ways.

CRISIS IN EUROPE. By George Slocombe. London: Selwyn, 1934, 234 p. 10/6.

A good journalistic survey of European problems, with emphasis upon the aftermath of the treaties and the problems of rampant nationalism.

THE SECOND WORLD WAR. By Johannes Steel. New York: Covici-Friede, 1934, 220 p. $2.00.

The European and Far Eastern situations as seen by a sensational writer who is constantly predicting an early crash.

EUROPEAN JOURNEY. By Sir Philip Gibbs. New York: Doubleday, 1934, 350 p. $3.00.

Walks and talks of a reporter who tried to get the reaction of the common man to the problems of present-day Europe. Not profound.

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WORLD DIARY, 1929–1934. By Quincy Howe. New York: McBride, 1934, 403 p. $3.50.

A chronology of five stirring years, by the editor of "The Living Age."

THE MAN AND THE HOUR. Edited by Arthur Bryant. London: Allan, 1934, 156 p. 5/.

Studies of Briand, Lenin, Pilsudski, Hitler and Mussolini by competent writers. The book gives a survey of European affairs as well as of leading personalities.

KÖPFE DER WELTPOLITIK. By G. Wirsing. Munich: Knorr, 1934, 313 p. M. 5.80.

Comparable to the preceding excepting that it sketches thirty leaders in politics, war, finance, etc.

LE CRÉPUSCULE DES TRAITÉS. By Y. M. Goblet. Paris: Berger-Levrault, 1934, 264 p. Fr. 15.

The tragic end of the treaties, and how they might be revived for the good of France.

SWEDEN, THE LAND AND THE PEOPLE. By Agnes Rothery. New York: Viking, 1934, 277 p. $3.00.

A successful general handbook containing much interesting information on social and economic problems and policies.

ISLANDS VÖLKERRECHTLICHE STELLUNG. By Ragnar Lundberg. Berlin: Verlag für Staatswissenschaften, 1934, 134 p. M. 11.

An historical survey of Iceland's constitutional position.

LE MINISTÈRE DES AFFAIRES ÉTRANGÈRES. By E. de Levis-Mirepoix. Angers: 1934, 265 p.

A documented account of the history and organization of the French Foreign Office since the days of the great revolution.

RAYMOND POINCARÉ. By René Dumesnil. Paris: Flammarion, 1934, 128 p. Fr. 3.75.

A popular biographical sketch of the late statesman.

EASTWARD FROM PARIS. By Édouard Herriot. London: Gollancz, 1934, 318 p. 10/6.

The translation of Herriot's account of his mission to Russia.

FRANCE'S CRISIS. By Paul Einzig. New York: Macmillan, 1935, 139 p. $2.90.

This frequent commentator is very critical of the French attitude on reparations, of French financial manipulations, and of the present French monetary policy.

1935, PAIX AVEC L'ALLEMAGNE? By Regis de Vibraye. Paris: Denoel et Steele, 1934, 256 p. Fr. 15.

A critical examination of the German situation, with special reference to French policy.

LE SOCIALISME EN FRANCE DEPUIS 1904. By Alexandre Zévaès. Paris: Fasquelle, 1934, Fr. 12.

Essentially a collection of facts and documents, by a leading writer on the subject.

HISTOIRE DE LA PRINCIPAUTÉ DE MONACO. By Léon H. Labande. Paris: Picard, 1934, 513 p. Fr. 30.

A standard work.

SPAIN. By Sir Charles Petrie. London: Arrowsmith, 1934, 134 p. 3/6.

A brief popular introduction, in the "Modern States" series.

CATALUNYA, NACIÓ MEDITERRÁNEA. By R. Gay de Montellá. Barcelona: Aleu, 1934, 217 p. Pes. 5.50.

An historical survey of Catalonian relations with Mediterranean lands, with emphasis on the brilliant commercial past.

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FASCISM AT WORK. By William Elwin. London: Hopkinson, 1934, 320 p. 10/6.
Evidently the work of an Italian liberal, writing pseudonymously. The book condemns the Fascist régime on almost all counts.

WHY FASCISM? By Ellen Wilkinson and Edward Conze. London: Selwyn, 1934, 317 p. 8/6.
A thorough-going communist approach, arguing that Fascism is capitalism's last line of defense.

L'ITALIE FASCISTE. By Raymond Recouly. Paris: Arthaud, 1934, Fr. 4.50.
Impressions of a well-known French journalist.

MUSSOLINIS NEUES GESCHLECHT. By Louise Diel. Dresden: Reissner, 1934, 222 p. M. 5.80.
The new Italy, seen by a fervent admirer.

LE NOUVEAU RÉGIME CORPORATIF ITALIEN. By J. Lescure. Paris: Domat-Montchrétien, 1934, Fr. 10.
A competent study, by a professor of law at the University of Paris.

GESCHICHTE DER ITALIENISCHEN PRESSE. By Adolf Dressler. Berlin: Oldenbourg, 1934, 183 p.
The third, concluding volume of a valuable history of the Italian press. The period here covered is that of the war and of Fascism.

ITALIA E BULGARIA. By G. Nurigiani. Rome: Nuova Europa, 1934, 148 p. L. 10.
A scholarly review of the relations of Italy and Bulgaria in the past century.

THE CAUSES OF THE GERMAN COLLAPSE. Compiled by Ralph H. Lutz. Stanford: Stanford University Press, 1934, 322 p. $4.00.
A welcome abstract and translation of the voluminous report of the German investigating commission.

ERINNERUNGEN UND DENKWÜRDIGKEITEN. By Hugo Lerchenfeld-Koefering. Berlin: Mittler, 1935, 445 p. M. 11.
The valuable memoirs of the diplomat who for many years represented Bavaria in Berlin. A first-rate contribution to the history of the German Empire.

LA TRAGÉDIE DE LA RÉPUBLIQUE ALLEMANDE. By Albert Grzesinski. Paris: Plon, 1934.
The interesting memoirs of the former German Minister of the Interior.

THE MEANING OF HITLERISM. By Wickham Steed. London: Nisbet, 1934, 244 p. 5/.
One of the most outspoken English opponents of the Nazis here examines the whole Hegelian conception of the state and attempts to define what can be opposed to it.

THE GERMAN REVOLUTION. By H. Powys Greenwood. London: Routledge, 1934, 348 p. 12/6.
A good study of the origins and course of the revolution by a sensible person.

HEIL! London: Lane, 1934, 203 p. 7/6.
Damaging pictures and spicy biographies of Nazi leaders, from the national gods to the local deities.

MUNICH: DE LOUIS II À ADOLPH HITLER. By Ferdinand Bac. Paris: Hachette, 1934, Fr. 15.
A record of social life in the Bavarian capital since 1877, by a French royalist.

DAS DEUTSCHE HEER VOR DEM WELTKRIEG. By M. van den Bergh. Berlin: Sansouci, 1934, 222 p. M. 3.40.
A serious study of the organization and functioning of the old army.

HITLER REARMS. Edited by Dorothy Woodman. London: Lane, 1934, 352 p. 10/6.
A compilation of edicts and press material to prove the point.

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RELIGION AND REVOLUTION. By Adolf Keller. New York: Revell, 1934, 188 p. $2.00.

Discusses fundamental problems and changes, especially in Germany. The book has a good interpretation of Karl Barth and of the present religious conflict.

VOM U-BOOT ZUR KANZEL. By M. Niemöller. Berlin: Warneck, 1934, 210 p. M. 3.

The story of the submarine hero who has become one of the leading champions of independent Protestantism in Germany.

DER WEG DES POLITISCHEN KATHOLIZISMUS IN DEUTSCHLAND. By E. Ritter. Breslau: Korn, 1934, 312 p. M. 5.50.

A prominent Catholic publicist reviews the activity of the Center Party from 1918 to 1934, and demands the end of political activity under the new dispensation.

THE BLOODLESS POGROM. By F. Seidler. London: Gollancz, 1934, 288 p. 5/.

The economic and social boycott of the Jews in Germany.

THE RISE AND DESTINY OF THE GERMAN JEW. By Jacob R. Marcus. Cincinnati: Union of American Hebrew Congregations, 1934, 435 p. $2.00.

A scholarly account of the Jews since 1871, the author maintaining that they will stay in Germany and adjust themselves to new conditions.

JEWS IN GERMANY. By Josef Kastein. London: Cressett, 1934, 166 p. 6/.

Primarily an historical survey of the position of the Jews, of past persecutions, etc.

DANCIG NEMZETKOZI JOGI HELYZETE. By Jozsef Szabo. Szeged: 1934, 79 p.

A scholarly study of the position of Danzig which concludes that it is a sovereign state bound by treaties.

THE SAAR. By Margaret Lambert. London: Faber, 1934, 332 p. 7/6.

An impartial historical and analytical survey based chiefly on official documents.

THE SAAR AT FIRST HAND. By Theodor Balk. London: Lane, 1934, 482 p. 12/6.

Another pre-plebiscite work, perhaps the best presentation of the case for maintenance of the *status quo*.

LES MINORITÉS DANS LE TERRITOIRE DE LA SARRE. By M. Vichniac. Paris: Pedone, 1934, Fr. 10.

A technical examination of the position of minorities after the restoration of German rule, by a professor of international law at The Hague.

## *Eastern Europe*

A SHORT HISTORY OF CZECHOSLOVAKIA. By Kamil Krofta. New York: McBride, 1934, 203 p. $2.00.

The French edition of this excellent survey has already been noted.

T. G. MASARYK. By A. Werner. Prague: Roland, 1934, 144 p. Kč. 24.

An appreciative general biography.

BENEŠ. By Pierre Crabitès. London: Routledge, 1934, 293 p. 12/6.

A sound biographical study, with emphasis on the formative period.

DE L'EUROPE ET DE LA HONGRIE. By Count Paul Teleki. Budapest: Athenæum, 1934, 220 p.

A series of political and economic lectures by a leading Hungarian statesman and scholar.

RÉVOLUTION, BOLCHÉVISME, RÉACTION. By Louis Varjassy. Paris: Jouve, 1934, 154 p. Fr. 20.

Reminiscences of 1918–1919 by an Hungarian radical who later became Minister of Justice in the first White Government.

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LA HONGRIE ET LES ATTENTATS. By K. S. Chandan. Paris: Le Danubien, 1934, 305 p. Fr. 15.

An elaborate account of the terrorist activities harbored in Hungary in recent years.

L'EVOLUTION DE L'UNION BALTIQUE. By N. Kaasik. Paris: Pedone, 1934, Fr. 10.

A conventional survey of the efforts made for a Baltic union.

LA SITUATION ÉCONOMIQUE DES JUIFS DEPUIS LA GUERRE MONDIALE. By Jacob Letschinsky. Paris: Rousseau, 1934, 152 p. Fr. 14.

The Jews in eastern and central Europe. A report published by the Committee of Jewish Delegations.

HISTOIRE DE LA POLOGNE DES ORIGINES À NOS JOURS. By Waclaw Sobieski. Paris: Payot, 1934, 320 p. Fr. 20.

An introductory narrative by a well-known historian.

POLAND. By Eric J. Patterson. London: Arrowsmith, 1934, 152 p. 3/6.

A dispassionate introduction to the history and present problems of Poland. A volume in the "Modern States" series.

MÄNNER UM PILSUDSKI. By H. Koitz. Breslau: Korn, 1934, 288 p. M. 5.80.

Gives in convenient form a "Who's Who" of the more prominent politicians.

UN OCCIDENTAL EN U. R. S. S. By Henri Membre. Paris: Denoel et Steele, 1934, 252 p.

The author aims to give an objective account of the material and moral progress of Russia, without forgetting the shortcomings.

LE BOLCHEVISME DE STALINE. By J. Lescure. Paris: Domat-Montchrétien, 1934, Fr. 16.

Primarily a study of Russian planning, by a French professor.

L'ÂME RUSSE. By Jules Legras. Paris: Flammarion, 1934, 288 p. Fr. 12.

A brilliant psychological and philosophical essay.

WHERE THE GHETTO ENDS. By Leon Dennen. New York: King, 1934, 254 p. $2.50.

A Russian-born American journalist pictures the regeneration of the race under the benevolent Bolshevik system.

THE SECOND FIVE-YEAR PLAN OF DEVELOPMENT OF THE U. S. S. R. By W. P. Coates and Zelda K. Coates. London: Methuen, 1934, 155 p. 3/6.

An analytical study.

LE PACTE BALKANIQUE. By C. Vulcan. Paris: Pedone, 1934, Fr. 10.

Traces recent developments, without much attempt at interpretation.

LA YOUGOSLAVIE EN PÉRIL? By E. Pezet and H. Simondet. Paris: Bloud et Gay, 1934, 290 p. Fr. 18.

A useful review of recent developments and problems.

LES FINANCES DE LA GRÈCE ET L'ÉTABLISSEMENT DES REFUGIÉS. By André Rodocanachi. Paris: Dalloz, 1934, 280 p. Fr. 30.

A scholarly analysis of Greek financial difficulties, with emphasis on the strain of refugee settlement.

LA QUESTION CYPRIOTE. By Michel Dendias. Paris: Sirey, 1934, 241 p. Fr. 40.

The Cypriot question, which threatens to become troublesome, studied historically and legally.

## *The British Commonwealth of Nations*

L'EMPIRE BRITANNIQUE. By J. Magnan de Bornier. Paris: Sirey, 1934, 304 p. Fr. 30.

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An understanding French study of the political and constitutional evolution of the Empire.

VISCOUNT GREY OF FALLODON. By Politicus. London: Methuen, 1934, 155 p. 6/.

An able and interesting appreciation of the character of Grey, followed by an illuminating discussion of his policy, especially in 1914.

MORE PAGES FROM MY DIARY. By Lord Riddell. London: Country Life, 1934, 250 p. 10/6.

In this new volume Lord Riddell covers the years 1908–1914 and again gives many interesting side lights, adding particularly to our knowledge of the policies of Lloyd George and Churchill.

AN AUTOBIOGRAPHY. v. II, 1919–1934. By Viscount Snowden. London: Nicholson, 1934, 21/.

The first volume of this important autobiography has already been noted.

BEAVERBROOK. By Edgar Middleton. London: Paul, 1934, 251 p. 9/6.

An uncritical account of a remarkable career.

MAURICE DE BUNSEN. By Edgar T. S. Dugdale. London: Murray, 1934, 371 p. 15/.

A general biography of the British Ambassador at Vienna in 1914, based upon his letters. Not of great importance politically.

LE SYSTÈME BANCAIRE ANGLAIS ET LA PLACE DE LONDRES. By R. J. Truptil. Paris: Sirey, 1934, 293 p. Fr. 30.

A serious technical study of British banking and investment.

LA CRISE DE LA MONNAIE ANGLAISE. By S. J. Catifors. Paris: Sirey, 1934, 210 p. Fr. 30.

This study of England's abandonment of the gold standard in 1931 was awarded a prize at the law faculty of the University of Paris.

THE BRITISH WAY TO RECOVERY. By Herbert Heaton. Minneapolis: University of Minnesota Press, 1934, 190 p. $2.00.

This is a good little book which ought to be of value to Americans. It gives, in brief scope, the salient facts of the crisis as it confronted England, Australia and Canada and discusses the various proposals for recovery as well as the actual policies adopted.

BRITAIN UNDER PROTECTION. By Ronald M. Findlay. London: Allen and Unwin, 1934, 223 p. 6/.

A valiant and thoroughly competent reëxamination and refutation of the arguments for protection, with an analysis of the working of the system.

THE BRITISH ATTACK ON UNEMPLOYMENT. By A. C. C. Hill, Jr., and Isador Lubin. Washington: Brookings Institution, 1934, 325 p. $3.00.

Invaluable; a dispassionate study of the dole system, with a discussion of its strength and its weakness.

SCOTLAND. By Sir Robert Rait and George S. Pryde. New York: Scribner, 1934, 372 p. $5.00.

The latest volume in the excellent "Modern World" series. The authors survey the historical development of Scotland in a hundred pages and devote the rest of the book to an analysis of present-day politics, economic and social problems, religion and culture. The best general book on modern Scotland.

THE CANADIAN ECONOMY AND ITS PROBLEMS. Edited by H. A. Innis and A. F. W. Plumptre. Toronto: Canadian Institute of International Affairs, 1934, 356 p. $2.50.

This is probably the most important single volume on Canadian affairs that has ap-

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peared for some time. It consists of the papers and proceedings of the study groups of the Canadian Institute of International Affairs, which means that it reflects the opinions of some of the best minds in the country. The first part is given over to an analysis of the Canadian economy and the results of depression, the second to the problem of Central Banking in Canada. The student will find here material on the key industries—wheat, mining and wood-pulp—as well as on transportation problems, the public debt, the labor question, etc. Needless to say, the discussions do not lead to any single or simple solution, but the various proposals for change and improvement should be of interest to all who follow policies of recovery in the United States and elsewhere.

CANADA, AN AMERICAN NATION. By John W. Dafoe. New York: Columbia University Press, 1935, 134 p. $2.00.

Another good book, being an interesting study of American influence on the political development of Canada, and on current relations and problems, by the well-known editor of the Winnipeg *Free Press*.

THE COLOUR PROBLEMS OF SOUTH AFRICA. By E. H. Brookes. London: Routledge, 1934, 245 p. 5/.

A history of the problem since the Union, continuing the author's earlier "History of Native Policy." This is the most authoritative critical treatment.

AUSTRALIA AND ENGLAND. By Henry L. Hall. New York: Longmans, 1934, 331 p. $5.00.

A thoroughly documented history of imperial relations with regard to Australia, based upon extensive research in archival materials.

THIRTY YEARS: THE COMMONWEALTH OF AUSTRALIA, 1901–1931. By A. N. Smith. Melbourne: Brown, Prior, 1934, 356 p.

Political developments interestingly described by an Australian journalist.

BRITISH IMPERIALISM IN INDIA. By John Beauchamp. London: Lawrence, 1934, 224 p. 5/.

A very critical account of British imperialism, prepared for the Labor Research Department.

THE PRINCES OF INDIA. By Sir William Barton. London: Nisbet, 1934, 343 p. 15/.

A description of the native states and their position, mixed up with reminiscence and anecdote.

WISDOM AND WASTE IN THE PUNJAB VILLAGE. By Malcolm L. Darling. New York: Oxford University Press, 1935, 368 p. $5.00.

A work of importance, recording the results of an extended investigation by an official with twenty-six years of experience.

INDIAN PATCHWORK. By Edward and Mary Charles. New York: Harcourt, 1934, 304 p. $2.00.

A most discouraging picture of Indian affairs, by a former principal of a Hindu-Moslem college.

THE DEVELOPMENT OF CAPITALISTIC ENTERPRISE IN INDIA. By Daniel H. Buchanan. New York: Macmillan, 1934, 497 p. $5.00.

A basic treatment of modern Indian economic history. The volume, published under the auspices of the Bureau of International Research of Harvard, supplies a scholarly analysis of the history of the industrial revolution in India, together with a consideration of its effects on native life.

GANDHI. By Soumyendranath Tagore. Paris: Nouvelle Revue Française, 1934, Fr. 15.

Gandhi and his policy debunked, by an author who believes that his doctrine tends to favor the capitalists at the expense of the proletariat.

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## *The Near East*

SHIFTING SANDS. By N. N. E. Bray. London: Unicorn, 1934, 312 p. 12/6.

Adventures in Syria, Arabia and Mesopotamia before and during the war, including some telling criticism of Lawrence and the whole Hashemite group.

LOZAN. By Mehmet Cemil. Istanbul: Ahmet Ihsan Matbaasi, 1934, 2 v. 700 Kur.

A fundamental Turkish study of the war and post-war periods, with reference to the Lausanne settlements. The author is professor of international law at the University of Ankara.

LA NOUVELLE POLITIQUE OMIQUE DE LA TURQUIE KEMALISTE. By K. C. Rechid Saffet. Paris: Fresco, 1934, Fr. 10.

One of the very few systematic accounts of the new Turkish planning.

THE JEWS AND A CHANGING CIVILIZATION. By Norman Bentwich. London: Lane, 1934, 146 p. 2/6.

An attractive and sympathetic historical survey, followed by a discussion of the present position of the Jews, by a British administrator.

SYRIE ET LIBAN. By Louis Jalabert. Paris: Plon, 1934, 248 p. Fr. 12.

A critical examination of the French policy and its results.

L'UNITÀ DELLA SIRIA E L'INDIVISIBILITÀ DEL SUO MANDATO. By R. Tritoni. Rome: Nuova Europa, 1934, 218 p. L. 12.

A well-informed study, aimed chiefly against the idea of separate treatment for the Lebanon.

IBN SÉOUD. By Antoine Zischka. Paris: Payot, 1934, 240 p. Fr. 20.

A good general biography of the Arabian potentate, by a French traveller.

THE VALLEYS OF THE ASSASSINS. By Freya Stark. New York: Dutton, 1934, 365 p. $4.00.

A record of three years' travel in Luristan and Western Persia, by an English archæologist. Fascinatingly written.

AFGHANISTAN, A BRIEF SURVEY. By Jamal-ud-Din Ahmad and Muhammad Abdul Aziz. London: Luzac, 1934, 180 p. 15/.

Primarily a reference book, well illustrated. It reveals Afghanistan as being well along the road to modernization.

## *The Far East*

THE RECONQUEST OF ASIA. By O. D. Rasmussen. London: Hamish Hamilton, 1934, 363 p. 10/6.

A rather sensational account of Japan's Pan-Asian designs, with a plea for united action by Europe to conciliate China.

THE DRAMA OF THE PACIFIC. By R. V. C. Bodley. London: Allen, 1934, 232 p. 6/.

Pacific problems considered in general and also with special reference to Japan and her mandates. The author pleads for a revival of the Anglo-Japanese Alliance.

WAS WILL JAPAN? By H. W. von Doemming. Jena: Diederichs, 1934, 309 p. M. 6.80.

A defense of the Japanese policy, which is pictured as aiming not so much at territorial gains as at securing a defensible frontier.

MILITARISM AND FASCISM IN JAPAN. By O. Tanin and E. Yohan. New York: International Publishers, 1934, 326 p. $2.50.

Supposedly based upon Japanese writings; a striking account of Japanese militarism and its control of foreign policy.

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SUN YAT-SEN. By Lyon Sharman. New York: Day, 1934, 435 p. $3.50.
A well-balanced study of the career and philosophy of the great Chinese leader.

CHINA'S PROBLEMS AND THEIR SOLUTION. By Wang Ching-Wei. Shanghai: China United Press, 1934, 199 p. $2.50.
A new volume in the "China To-Day" series. The author, president of the Executive Yüan of the Nanking Government, gives a survey of present conditions and problems, with much emphasis on foreign relations.

THE GREAT WALL CRUMBLES. By Grover Clark. New York: Macmillan, 1935, 406 p. $3.50.
One of the best recent books on modern Chinese conditions and problems. The author was for many years a member of the faculty of the National University at Peking and editor of the *Peking Leader*.

LA VIE CHINOISE EN MONGOLIE. By R. Verbrugge. Paris: Geuthner, 1934, 230 p. Fr. 20.
Primarily an economic and social study.

MONGOLEN. By F. Lessing. Berlin: Klinkhardt, 1935, 211 p. M. 4.
A sociological study of the Mongols, based upon extensive travels in the country.

## *Africa*

LA SOUVERAINETÉ ÉGYPTIENNE ET LA DECLARATION DU 28 FÉVRIER, 1922. By E. Tadros. Paris: Pedone, 1934, 216 p. Fr. 30.
A dissertation in international law analyzing the terms of Egyptian independence.

THE ANGLO-EGYPTIAN SUDAN. By Sir Harold MacMichael. London: Faber, 1934, 288 p. 15/.
A complete and authoritative survey, by a British official of long standing.

REVANCHE DE CARTHAGE. By André Demaison. Paris: Les Écrivains Français, 1934, 252 p. Fr. 12.
A reliable account of the regeneration of Tunis under French administration.

EIN LAND. By Robert von Wattenwyl. Zurich: Orell-Füssli, 1934, 278 p. M. 6.
A narrative of travel in Morocco, with much discussion of sociological problems.

L'AFRIQUE OCCIDENTALE FRANÇAISE. By Pierre Deloncle. Paris: Leroux, 1934, 462 p. Fr. 125.
An elaborate, semi-official history of the discovery, pacification and development of French West Africa.

LIBERIA REDISCOVERED. By James C. Young. New York: Doubleday, 1934, 212 p. $1.50.
The political and economic development of Liberia since the establishment of the Firestone interests.

EASTERN AFRICA TO-DAY. Edited by F. S. Jallson. London: East Africa, 1934, 394 p. 7/6.
A descriptive handbook.

## *Latin America*

FIESTA IN MEXICO. By Erna Fergusson. New York: Knopf, 1934, 267 p. $3.00.
A travel book, vividly written and well illustrated.

LA LUCHA DE CLASES A TRAVÉS DE LA HISTORIA DE MÉXICO. By Rafael Ramos Pedrueza. Mexico City: Sanchez, 1934, 228 p.
As the title indicates, this is a Marxian interpretation of Mexican history.

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THE CARIBBEAN AREA. Edited by A. Curtis Wilgus. Washington: George Washington University Press, 1934, 604 p. $3.00.

A series of conference lectures, by authorities in the field, covering all conceivable aspects of Caribbean affairs.

PROBLEMS OF THE NEW CUBA. New York: Foreign Policy Association, 1935, 522 p. $3.00.

An important publication, being the report of the Commission on Cuban Affairs appointed by the Association at the request of the Cuban Government. The Commission investigated various economic and sociological problems in the new Cuba and makes a number of important suggestions for agrarian reform, aiming at the diversification of production and the liberation of the island from dependence on sugar. There is much discussion of the urgency of government action for reform and some reference to Cuban distrust of the United States.

THE PAGEANT OF CUBA. By Hudson Strode. New York: Smith and Haas, 1934, 393 p. $3.00.

A lively account of Cuban history since 1898, with shrewd comments on men and affairs.

ESTUDIOS INTERNACIONALES SOBRE EL CONFLICTO COLOMBO-PERUANO. By Nicolás Lopez. Quito: Tall. Nacionales, 1934, 168 p.

A technical study of the rights and wrongs of the dispute.

LAND OF FAR DISTANCE. By C. W. Thurlow Craig. New York: Farrar, 1934, 299 p. $2.50.

The adventures in Brazil and Paraguay of an English rancher who took part in various revolutions.

PARAGUAY, A GALLANT LITTLE NATION. By Philip de Ronde. New York: Putnam, 1935, 123 p. $1.75.

The causes and progress of the present war, succinctly presented by an author whose sympathies are indicated by the title.

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# SOURCE MATERIAL

## *By Denys P. Myers*

## PUBLIC DOCUMENTS OFFICIALLY PRINTED

Documents may be procured from the following: *United States:* Gov't Printing Office, Superintendent of Documents, Washington, D. C. *Great Britain:* British Library of Information, 270 Madison Ave., New York. *France:* Gerda M. Anderson, 12 Ave. Ernest Reyer, Paris XIV°. *League of Nations, Int. Labor Office, Perm. Court of Int. Justice* and *Int. Institute of Agriculture:* World Peace Foundation, 40 Mt. Vernon St., Boston. Washington imprints are Government Printing Office and London imprints are His Majesty's Stationery Office, unless otherwise noted. Since 1928 a list of Government documents has been printed in the *Monthly List of Books Catalogued in the Library of the League of Nations.*

### AFRICA

REVISION of the General Act of Berlin of February 26, 1885, and the General Act and Declaration of Brussels of July 2, 1890. Convention between the United States of America and Other Powers. Signed at Saint-Germain-en-Laye, September 10, 1919. Washington, 1934. 17 p. 23 cm. (Treaty Series, No. 877.) 5 cents.

This convention is now in force for all signatories.

### AIR TRANSPORTATION

INTERNATIONAL Air Transportation. Convention and Additional Protocol between the United States of America and Other Powers. Concluded at Warsaw, October 12, 1929. Washington, 1934. 30 p. 23 cm. (Treaty Series, No. 876.) 5 cents.

### ARBITRATION

AGREEMENT between His Majesty's Government in the United Kingdom and the Norwegian Government regarding Claims in respect of Damage to Fishing Gear, London, November 5, 1934. London, 1934. 7 p. 24½ cm. (Treaty Series No. 29 (1934) Cmd. 4729.) 2d.

ANALYSES des Sentences rendues par les Tribunaux d'Arbitrage, constitués conformément aux stipulations des Conventions de La Haye de 1899 et 1907 pour le règlement pacifique des conflits internationaux, ainsi que par les juridictions spéciales d'arbitrage qui ont fonctionné en application de l'art. 47 de la Convention de 1907. 1899–1934. La Haye, Bureau International de la Cour Permanente d'Arbitrage, 1934. 118 p. 24 cm.

"I'M ALONE" Case. Joint Final Report of the American and Canadian Commissioners. Washington, 1935. (Department of State Publications, Arbitration Series, No. 2 (1).)

The Canadian claim, the United States answer, the Canadian brief and the United States answering brief are Arbitration Series, No. 2 (2–5).

### BOLIVIA — PARAGUAY

DISPUTE Between Bolivia and Paraguay. REPORT as Provided for Under Article 15, Paragraph 4, of the Covenant drawn up by the Committee of the Assembly in pursuance of the Resolution of September 27th, 1934, and adopted by the Assembly on November 24th, 1934. Geneva, 1934. 10 p. 33 cm. (League of Nations, A. (Extr.) 5. 1934. VII. 13.)

——— APPEAL of the Bolivian Government under Article 15 of the Covenant. Extracts from the Records of the Fifteenth Ordinary Session of the Assembly. Plenary Meetings of the Assembly. Minutes of the First Committee. Minutes of the Sixth Committee. Geneva, 1934. 175 p. 33 cm. (League of Nations, *Official Journal*, Special Supplement No. 124.)

### CAUSES OF DEATH

INTERNATIONAL Agreement relating to Statistics of Causes of Death with Protocol of Signature, London, June 19, 1934. London, 1934. 25 p. 25½ cm. (Treaty Series No. 27 (1934) Cmd. 4175.) 6d.

### COURT OF INTERNATIONAL JUSTICE, PERMANENT

CASE Concerning the Administration of the PRINCE VON PLESS (Application Eventually Withdrawn). Permanent Court of International Justice, XXXth Session. Orders of February 4th, May 11th, July 4th and December 2nd, 1933. Leyden, 1934. 457 p. 24 cm. (Series C, No. 70.)

The OSCAR CHINN Case. Permanent Court of International Justice, XXXIIIrd Session. Judgment of December 12th, 1934. Leyden, 1934. double p. 62–152. 24 cm. (Series A./B., No. 63.)

PERMANENT Court of International Justice. Report [to accompany Executive A, Seventy-first Congress, third session, protocols concerning adherence of the United States to the Court of International Justice]; submitted by Mr. Robinson, from the Committee on Foreign Relations. Washington, [1935]. 26 p. 23 cm. (S. Exec. Rept. No. 1, 74th Cong., 1st sess.)

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## ETHIOPIA — ITALY

DISPUTE between Abyssinia and Italy. Request by the Abyssinian Government under Article 11, Paragraph 2, of the Covenant. Geneva, 1935. 24 p. 33 cm. (League of Nations, C. 49. M. 22. 1935. VII. 3.)

## HUNGARY — YUGOSLAVIA

REQUEST by the Yugoslav Government under Article 11, Paragraph 2, of the Covenant. COMMUNICATION from the Yugoslav Government. Geneva, 1934. 64 p. 33 cm. (League of Nations, C. 518. M. 234. 1934. VII. 14.)

——— COMMUNICATION from the Hungarian Government. Geneva, 1934. 12 p. 33 cm. (League of Nations, C. 539. M. 246. 1934. VII. 15.)

The Council of the League of Nations heard the case December 7–11, 1934.

REQUÊTE du Gouvernement Yougoslave en vertu de l'article 11, paragraphe 2, du Pacte. Communication du Gouvernement Hongrois. Geneva, 1935. 133 p. 33 cm. (League of Nations, C. 48. M. 21. 1935. VII. 2.)

An English edition of this report of the Hungarian inquiry will be issued.

## INDIAN CONSTITUTION

JOINT COMMITTEE on Indian Constitutional Reform [Session 1933–34]. Report, Proceedings and Records. London, 1934. 5 vols. in 6. 24½ cm. (H. L. 6, I and II, and H. C. 5 and 6).

Schedule: Vol. I, Part I. Report; Part II. Proceedings, xxii, 427, x, 655 p. 1s. and 1s. 6d. Vol. II, Records, with List of Contents and an Index, vi, 469 p. 7s. 6d.

Record containing Papers laid before the Joint Committee by the Secretary of State for India. C. 1. 62 p. 1s.

Record containing Memoranda submitted to the Joint Committee by Members of the Committee. C. 2. 16 p. 4d.

Record containing Memoranda and Record of Consultations held by the Joint Committee on the Subjects of Forestry and Irrigation. C. 3. 48 p. 9d.

This report continues papers published as Cmd. 3568 and 4268.

## INTERNATIONAL LABOR ORGANIZATION

CONSTITUTION and Standing Orders of the International Labour Organisation. Geneva, 1934. 85 double p. 21½ cm.

DRAFT CONVENTIONS and Recommendations adopted by the International Labour Conference at its Eighteen Sessions held 1919–1934. Geneva, 1934. 331 p. 24 cm. (International Labour Organisation.) $1.00.

The EIGHTEENTH SESSION of the International Labour Conference (Reprinted from the *International Labour Review*, Vol. XXX, No. 3, September 1934). Geneva, 1934. 44 p. 23½ cm. (International Labour Office.) 15 cents.

INTERNATIONAL Labour Conference. Draft Conventions and Recommendation Adopted by the Conference at its Eighteenth Session, 4 June–23 June, 1934 (Authentic Texts). London, 1934. 27 double p. 24½ cm. (Cmd. 4714.) (Text in French and English) 9d.

INTERNATIONAL Labor Organization. MEMBERSHIP of the United States of America, Effective August 20, 1934. Proclamation by the President of the United States, September 10, 1934, with the Constitution of the International Labor Organization Annexed and Other Related Papers. Washington, 1934. iii, 31 p. 23 cm. (Treaty Series, No. 874.) 5 cents.

INTERNATIONAL Labour Conference. Eighteenth Session, Geneva, 1934. Record of Proceedings. Geneva, 1934. xxx, 707 p. 31½ cm.

INTERNATIONAL Labour Office. Legislative Series. Part I (–III) — 1931. Geneva, 1934. 23½ cm. $8.75.

## IRAQI — PERSIAN BOUNDARY

REQUEST by the Iraqi Government under Article 11, Paragraph 2, of the Covenant. Geneva, 1934. 19 p. 33 cm. (League of Nations, C. 531 (1). M. 242 (1). 1934. VII. 16.)

——— COMMUNICATION from the Persian Government. Geneva, 1935. 27 p. 33 cm. (League of Nations, C. 22. M. 10. 1935. VII. 1.)

This case was heard by the Council of the League of Nations in January 1935.

## LEAGUE OF NATIONS

RULES of Procedure of the Assembly, with Annexes. Geneva, 1934. 28 double p. 20 cm. (League of Nations, C. 472. M. 204. 1934. V. 5.)

COMMITTEES of the League of Nations. List of Members. Note by the Secretary-General. Geneva, 1934. 22 p. 33 cm. (League of Nations, C. 287 (a). M. 125 (a). 1934. G. Q. 4 (a).)

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## LOCUST CONTROL

PROCEEDINGS of the Third International Locust Conference. London, September 18, 1934. London, 1934. 184 p. 2 maps, diagrams. 3s. 6d.

## MANDATES

PERMANENT MANDATES Commission. Minutes of the Twenty-Sixth Session Held at Geneva from October 29th to November 12th, 1934, including the Report of the Commission to the Council. Geneva, 1934. 222 p. 33 cm. (League of Nations, C. 489. M. 214. 1934. VI. A. 2.)

The session examined the reports of mandatories listed below:

ANNUAL REPORT to the League of Nations on the Administration of the South Sea Islands under Japanese Mandate for the Year 1933. [Tokyo] Japanese Government, 1934. p. 26½ cm.

RAPPORT Annuel adressé par le Gouvernement Français au Conseil de la Société des Nations Conformément à l'article 22 du Pacte sur l'administration sous mandat du territoire du CAMERONN pour l'année 1933. Paris, Imprimerie Générale Lahure, 1934. 248 p. incl. maps, tables. 31½ cm.

RAPPORT Annuel adressé par le Gouvernement Français au Conseil de la Société des Nations conformément à l'article 22 du Pacte sur l'administration sous mandat du territoire du TOGO pour l'année 1933. Paris, Imprimerie Générale Lahure, 1934. 168 p. incl. tables. 31½ cm.

REPORT by His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations on the Administration of the CAMEROONS Under British Mandate for the year 1933. London, 1934. 101 p. chart, maps. 24½ cm. (Colonial No. 99.) 4s.

REPORT by His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations on the Administration of TOGOLAND Under British Mandate for the year 1933. London, 1934. 106 p. maps. 24½ cm. (Colonial No. 98.) 4s. 6d.

## MEXICO

The CONFLICT Between the Civil Power and the Clergy. Historical and Legal Essay by Emilio Portes Gil, Attorney General of the Republic. Mexico, Ministry of Foreign Affairs, 1935. ix, 135 p. 25 cm.

## MUNITIONS INDUSTRY

MUNITIONS INDUSTRY, Special Committee Investigating, Senate. Munitions Industry, HEARINGS, 73d Congress, pursuant to S. Res. 206, to make certain investigations concerning manufacture and sale of arms and other war munitions, Sept. 4 [–10], 1934. Washington, 1934. pts. 1–8 [xi], 1–2080 p. 2 p. of pl. [Part 1 relates to the Electric Boat Co., pt. 2 to the Driggs Ordnance and Engineering Co., and pt. 3 to the American Armament Corporation.] pt. 1, 50 cents; pts. 2 and 3, each 10 cents.

## PAN AMERICAN CONFERENCE

REPORT of the Delegates of the United States of America to the Seventh International Conference of American States, Montevideo, Uruguay, December 3–26, 1933. Washington, 1934. xi, 346 p. 23 cm. (The Department of State, Conference Series No. 19.) 40 cents.

SEVENTH International Conference of American States. First, Second and Eighth Committees. Organization of Peace, Problems of International Law, International Conferences of American States. Minutes and Antecedents. Montevideo, 1933. 204 p. 33½ cm.

STEPS Taken by the Pan American Union in Fulfillment of the Conventions and Resolutions adopted at the Seventh International Conference of American States (Montevideo, December 3–26, 1933). Report Submitted to the Members of the Governing Board by the Director General January 1, 1935. Washington, Pan American Union, 1935. 29 p., multigraphed, 27 cm. (Congress and Conference Series No. 15.)

UNITED STATES Commercial Policy and the Montevideo Program. Washington, Pan American Union, 1935. 10 p. 28 cm. (Commercial Pan America, January, 1935, Number 32.)

## PAYMENTS, INTERNATIONAL

ANGLO-GERMAN Payments Agreement, together with an Exchange of Letters between the Representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and of the Government of the German Reich, Berlin, November 1, 1934. London, 1934. 8 p. 24½ cm. (Germany No. 4 (1934) Cmd. 4726.) 2d.

PAPERS Relating to the British War Debt. London, 1934. 4 p. 24½ cm. (United States No. 3 (1934) Cmd. 4763.) 1d.

## PUBLIC WORKS

ORGANIZATION for Communications and Transit. Enquiry on National Public Works. Geneva, 1934. 281 p. 27 cm. (League of Nations, C. 482. M. 209. 1934. VIII. 8.)

Reports the construction programs of 29 countries.

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## SECURITIES

SPECULATION. Stock Exchange Practices. Report pursuant to S. Res. 84 (72d Congress), to investigate practices of stock exchanges with respect to buying and selling and borrowing and lending of listed securities, and S. Res. 56 and S. Res. 97 (73d Congress), resolutions to investigate matter of banking operations and practices, transactions relating to any sale, exchange, purchase, acquisition, borrowing, lending, financing, issuing, distributing, or other disposition of, or dealing in, securities or credit by any person or firm, partnership, company, association, corporation, or other entity, with view to recommending necessary legislation, under taxing power or other Federal powers; submitted by Mr. Fletcher. Washington, 1934. viii, 394 p. (S. rp. 1455, 73d Cong. 2d sess.) [Corrected print.] 25 cents (Paper).

## SOCIAL QUESTIONS

INTERNATIONAL COMPARISONS of Cost of Living. A study of Certain Problems Connected with the Making of Index Numbers of Food Costs and of Rents. Geneva, 1934. viii, 146 p. 24 cm. (Studies and Reports, Series N, No. 20.) $1.25.

The INTERNATIONAL STANDARDISATION of Labour Statistics. A Review of the Statistical Work of the International Labour Office and of Various International Statistical Conferences. Geneva, 1934. 64 p. 24 cm. (Studies and Reports, Series N, No. 19.) 35 cents.

The RECRUITING OF LABOUR in Colonies and in Other Territories with Analogous Labour Conditions. Fourth Item on the Agenda. Geneva, 1935. iv, 282 p. 24 cm. (International Labour Conference, Nineteenth Session, Geneva, 1935. Report IV, First Discussion.)

SOCIAL and Economic Reconstruction in the UNITED STATES. Geneva, 1934. viii, 401 p. 24 cm. (Studies and Reports, Series B., No. 20.) $2.75. (paper).

SOCIAL ASPECTS of Industrial Development in JAPAN by Fernand Maurette, Assistant Director of the International Labour Office. Geneva, 1934. 69 p. 24 cm. (Studies and Reports, Series B, No. 21.) 35 cents.

UNEMPLOYMENT Among Young Persons. Third Item on the Agenda. Geneva, 1935. 189 p. 24 cm. (International Labour Conference, Nineteenth Session, Geneva, 1935. Report III.)

## STATISTICAL ANNALS

GERMANY. Statistisches Jahrbuch für das Deutsche Reich, herausgegeben vom Statistischen Reichsamt. Dreiundfünfzigster Jahrgang. 1934. Berlin, Reimar Hobbing, 1934. xlviii, 563, 252, 28 p. 23½ cm.

RÉPUBLIQUE TURQUE, Présidence du Conseil. Office Central de Statistique. ANNUAIRE Statistique. Volume 6. 1932/33. Istanbul, Devlet Matbaasi, [1934]. ix. 515 p., maps, charts. 29½ cm. (34me Publication de l'Office Central de Statistique, Ankara.)

## TRADE AND CAPITAL

BALANCES of Payments 1933, including an Analysis of Capital Movements up to September 1934. Geneva, 1934. 188 p. 27 cm. (League of Nations, 1934. II. A. 19.)

INTERNATIONAL Trade Statistics 1933. Geneva, 1934. 366 p. 27 cm. (League of Nations, 1934. II. A. 20.)

## TRADE POLICY — UNITED STATES

The TRADE-AGREEMENTS PROGRAM. Address by the Honorable Sumner Welles, Assistant Secretary of State at the Nineteenth Annual Meeting of the Associated Industries of Massachusetts, Boston, October 24, 1934. Washington, 1934. 13 p. 22½ cm. (The Department of State, Publication No. 655.)

The MENACE of Economic Nationalism. Address by the Honorable Francis B. Sayre, Assistant Secretary of State, before the Academy of Political Science, New York City, November 7, 1934. Washington, 1934. 11 p. 22½ cm. (The Department of State, Publication No. 665.) 5 cents.

INTERNATIONAL TRADE and Domestic Prosperity. Address by the Honorable Cordell Hull, Secretary of State, before the National Foreign Trade Council, New York City, November 1, 1934. Washington, 1934. 14 p. 22½ cm. (The Department of State, Publication No. 658.) 5 cents.

## UNITED STATES

PAPERS relating to the Foreign Relations of the United States 1919. Washington, 1934. 2 vols. 23½ cm. $3.50. (Publications of the Department of States, Nos. 660, 661.)

Contents: I, General, Argentina-Costa Rica; II, Cuba-Yugoslavia.

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FOREIGN AFFAIRS

Vol. 13 SPECIAL SUPPLEMENT No. 3

# THE DISARMAMENT PROBLEM

*An Address before the Council on Foreign Relations, New York, January 29, 1935*

*By Norman H. Davis*

*Chairman of the American Delegation to the General Disarmament Conference*

HAVING taken part at various intervals during the past three years in discussions and negotiations bearing on a reduction and limitation in armaments, I am persuaded that there is no subject on which it is quite so difficult and yet so necessary and important to get general international agreement. There is, indeed, no problem that involves more intricate technical and political questions affecting national pride and ambition, or national policy and security.

Nations will not discard their arms or limit their sovereign right to arm unless, or until, they are convinced that it is safe and in their interest to do so. And yet, in spite of all the delays — due to the difficulties inherent in the problem itself and to the opposition of those who do not believe in disarmament or who have a selfish interest in opposing it — progress has been made. The conviction is growing that it is a practical problem which can and must be solved. Such a vital issue will not down.

The regulation of armaments by international agreement is a comparatively new question. There were, it is true, a few restricted agreements relating to armaments between two adjoining countries, such as that between the United States and Canada, over a century ago, based on a political understanding not to maintain naval forces on the Great Lakes, which promoted confidence and benefited both sides. In 1899, when the gravity of the armaments problem had become such as to cause concern, an effort was made at the Hague Conference to arrive at an understanding to stop for a limited period any further increase in land and naval armaments. Due to the opposition of certain delegates — notably those of Germany — and to national am-

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bitions and rivalries which were stronger than the consciousness of a common interest, the realities of the situation were not truly faced and this effort failed. The result was that fifteen years thereafter the nations were plunged into the greatest of all wars. As a consequence of this war, the reduction and limitation of armaments by general international agreement began to be a pressing and vital issue; and still so remains.

Whereas in former times wars were fought out between the armed forces of the nations involved, modern warfare is conducted by a whole nation and waged against helpless women, children and other non-combatants, with a view to breaking down the morale of an enemy country and inflicting every possible damage upon a people as a whole. Out of the horrible experience of the World War there grew an overwhelming conviction that positive steps must be taken to prevent another such calamity and, since the policies which were expressed in the suicidal armaments race during the preceding decades had been a contributing cause of that war, a new conception regarding armaments was incorporated as a fundamental part of the settlement at the Paris Peace Conference.

With a view to preventing a future race in armaments it was then, in effect, agreed that armaments had ceased to be a question of purely national concern and that measures should be taken for their general limitation. As a first step in this direction the armaments of the defeated Powers were reduced to a basis which would render aggression on their part impossible and would suffice only for the maintenance of internal order. As a further move looking towards multilateral disarmament, the victorious powers voluntarily assumed an unprecedented obligation to take steps to reduce their own armies and armaments to the lowest point consistent with national safety and the enforcement by common action of international obligations. For various reasons, few of these contemplated steps for the reduction of land and air armaments have been taken. They nevertheless have been a subject of almost continuous study and negotiation, particularly, during the past three years, at the Disarmament Conference at Geneva. This Conference has not yet achieved the results hoped for; but it remains the only agency in existence for securing agreement or exhausting every possibility of agreement. Failure to make greater progress has been at times discouraging. But it is a significant fact that the nations still desire to

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keep the Conference going and to avoid the alternative of its failure.

I might add that a very important phase of the armaments question will be discussed in Geneva in the near future. The appropriate commissions of the Disarmament Conference have been summoned to work out a treaty, to enter into effect with the least possible delay, which will provide for the treatment of the manufacture of and traffic in arms, budgetary publicity, and the setting up of a permanent central body to oversee the treaty's functioning. The American Delegation has presented a draft which it is hoped will form the basis of this treaty, and the attitude of the various Powers, already expressed, justifies the hope that real accomplishment in this field may be expected. Let no one think that in the manufacture of and traffic in arms we are dealing with a secondary question. Publicity and certain measures of international control would remove some of the worst evils of the arms traffic and help to alleviate many apprehensions of various Powers with respect to one another.

Although no agreements on air and land disarmament have been reached as yet at Geneva, very definite and far-reaching steps in naval disarmament were taken at the Washington Conference in 1922, when the five principal naval Powers agreed to reduce and limit battleships and aircraft carriers, and subsequently at the London Naval Conference in 1930, when Great Britain, Japan and the United States agreed to extend limitation to all other categories of naval craft.

The disarmament problem, like most other problems, is a continuing one, not susceptible of quick or permanent settlement. Naval disarmament, which had been settled for a period, and which was largely quiescent since the conclusion of the London Treaty in 1930, necessarily became active once more in the course of last year because of the provisions of that Treaty calling for a new conference in 1935 to frame a treaty to replace and to carry out the purposes of the existing one, following its automatic expiration at the end of 1936. To this end, preliminary conversations were held in London last summer and autumn on the initiative of the British Government. These were formally adjourned on December 19, 1934, and Japan's notification ten days later of her intention to terminate the Washington Treaty brought to a conclusion the first phase of the renewed consideration of naval limitation. It would be a great mistake, however, to

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treat either of these two events as setting a definite period to all naval discussion. On the contrary, the London talks were specifically suspended "in order that the Delegates may resume personal contact with the Governments and the resulting situation can be fully analyzed and further considered." Moreover, the participating Governments agreed to keep in close touch with each other and with the other Governments parties to the London and Washington Treaties, with the hope that "the situation will so develop as to justify a subsequent meeting as soon as the opportune moment arrives," in which case the British Government would again take the "appropriate steps." Finally, the denunciation of the Washington Treaty, by formally reopening the entire problem of naval limitation and of the basic principles and methods by which it had been achieved in the past, has greatly increased the actuality and immediacy of the subject for each naval Power.

While diplomatic discussions and negotiations are thus for the time being in abeyance, the issues with which they have dealt, and must again deal in the future, are now in a state of intragovernmental consideration. I therefore do not feel at liberty to discuss publicly the present situation in detail. It is indeed the better part of responsible statesmanship to avoid, at this juncture, any statements which might create misunderstanding or ill-will and adversely affect ultimate agreement. As you will realize, it is not merely or even primarily a technical naval question which is now involved; for while each of the Governments concerned is considering the questions raised with regard to naval limitation, they are also in the process of examining policies and principles which have a vital bearing on that whole complex problem commonly known as the "Far Eastern problem."

And I may here point out that, although the United States has most important interests and treaty rights and treaty obligations in the Pacific and the Far East, the so-called Far Eastern problem is not exclusively an American-Japanese problem. Neither is it exclusively an Anglo-Japanese, a Franco-Japanese, an Italian-Japanese, A Russo-Japanese, a Netherlands-Japanese, or even exclusively a Sino-Japanese problem. It is a common problem of all the nations with possessions and treaty rights and obligations in that area; and it is the duty of such nations, and in their interests, to coöperate in a friendly and constructive way. My hope and belief is that a solution through coöperation and com-

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mon agreement can and ultimately will be found. For the present, however, it may be interesting and helpful to give a general analysis of recent developments in relations to the basic policy of the United States.

Although last year's conversations, as I have stated, were initiated under the London Naval Treaty and remained largely circumscribed by its provisions during the first stage, lasting from the middle of June until the end of July, they became broadened in scope after their resumption in October, as a result of suggestions and proposals submitted by the Japanese Delegation (which then actively participated for the first time) covering the entire field of naval limitation as embodied not only in the London Treaty but also in that of Washington. The result was that every aspect of the naval problem was fully and frankly considered. It was not, however, the purpose of these preliminary conversations to reach definite conclusions. The talks had no purpose other than to explore and prepare the ground for future negotiation and agreement. Moreover, while the French and Italian Governments, as parties to the Washington Treaty and signatories to that of London, were kept currently informed of developments, they did not actively join in the conversations but would, of course, become full participants in any later negotiations intended to reach final solutions.

It would be idle to maintain that important differences of opinion did not develop in the course of the talks or that it was possible to reconcile all of them. I can assure you, nevertheless, that the frequent rumors of sharp clashes and frayed nerves were idle speculation. I have attended many an international discussion during the past few years and none was more calm, frank and amicable than that from which I have just returned. All three participating Governments were in accord in advocating continued naval limitation by international treaty; all three recognized the need for bringing about as large a reduction in total tonnages as could be agreed upon; each was profoundly aware of the dangers involved in arms competition and anxious to avoid a recurrence of a naval race. There were, however, two distinct points of view as to the methods of achieving this common end, partly as a result of divergent views on fundamental principles. Questions of principle, indeed, were at all times in the forefront, and technical problems, to the extent that they arose at all, were always subordinate. When I consider the long and

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futile wrangling over purely technical questions which often occurred at the Disarmament Conference at Geneva, largely because of failure boldly to face an underlying conflict of theory, I find, in looking back on the recent London talks, that perhaps one of their most valuable features was the realistic manner in which the delegates recognized the importance of tackling at once the basic difficulties of principle and policy. There was a general absence of haggling over details and a continued facing of rock-bottom issues.

The dominant issue involved was that of "equality of security" versus "equality of armaments." I should like to state with all the emphasis of which I am capable that I regard — and I know the President regards — equality of security as a fundamental sovereign right of each Power. If arms equality were the only means of making that right effective, I would be the first to advocate it. It is evident, however, that equality of naval armament not only fails to give equal security, but that on the contrary it is utterly incompatible with equal security. A moment's consideration of the widely varying defensive needs of individual nations, due to such factors as geographical location, coast lines, distribution of outlying territory, commerce on the sea, combined strength of land, sea and air forces, et cetera, makes this clear. It is just because equal security was the guiding concept that the Washington Conference was a success and was able to achieve not only limitation but also a drastic reduction of naval armaments.

Although the word "ratio" is not mentioned in either the Washington or London naval treaties, the relative naval strength fixed by the Washington Treaty for the United States, Great Britain and Japan resulted in a ratio of 5-5-3 or 10-10-6. The significance of this has been somewhat misunderstood. It has been erroneously considered by some to mean or imply a different degree of national prestige or sovereign right, whereas it means nothing of the kind. As a matter of fact, military power consists of a navy, an army and an air force, and the combined strength of Japan in these three branches of arms is greater than that of the United States; yet even so, I do not consider that this affects the national prestige of America.

The simple truth is that at the Washington Conference of 1922 it was recognized by all that much harm and no good could come from the naval race which was then in progress;

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that the only way to stop it was to stop it where it was; and that to do so it was necessary to settle certain underlying political questions and to readjust and fix naval strength on a basis which would give mutual confidence and security. On such a basis the United States, which had a potential lead in the race which would shortly have given it naval primacy, willingly agreed to give up its lead and to reduce and limit its navy in the interest of peace and coöperation. It was recognized that while there was a difference in total naval strength or tonnage, which was due in the first instance to the difference in actual needs, each Power was entitled to equal security. And it was at the time fully agreed by the representatives of the United States, Great Britain and Japan that the naval treaty, together with the other agreements made, established equal security.

Once there had been established a definite equilibrium through mutual agreement providing all-around security, any further proportionate reduction in armaments could not disturb this balance but, on the contrary, would tend to increase the sense of security of each country in equal measure. Thus it was only on the foundation of the equal security created at Washington in 1922 that a further limitation and reduction of naval armaments could be achieved at London in 1930. On the same basis, the proposals which I recently made at London on behalf of the United States, for a substantial all-around reduction in naval armaments in such manner as not to change the relative strength of the nations concerned, could in no sense jeopardize the security of any of these states. In all my long association with the disarmament problem, I have been able to discover no alternative method of arms reduction which does not alter the delicate equilibrium on which equal security rests.

In using the term "equilibrium," I am not thinking exclusively or even primarily of relative strengths in armament. The balance which was established at the Washington Conference was not in the first instance one of naval tonnage. The work of the Conference was an integrated whole which had as its primary purpose, and which in fact accomplished, a political appeasement. A collective system of coöperation for the maintenance of peace in the Pacific and the Far East and for mutually beneficial economic development was established, which increased confidence and reduced the causes for suspicion and aggression. On this foundation of security in the political, economic and psycho-

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logical spheres was built the naval agreement which offers equal security to each country in the sphere of naval armaments.

I have dealt thus far with the main principle at issue, that of equal security versus equal armaments; a secondary one is that relating to offensive weapons. The idea has been advanced that aggression can be prevented solely by abolishing so-called offensive weapons. That is a fallacy. In land warfare certain armaments are used almost exclusively for initial attack and invasion, but in naval warfare it is not possible to make such a distinction between offensive and defensive armaments. In fact, in case of war, any armed naval vessel may become offensive as well as defensive once it gets beyond the three-mile limit.

Even agreements between the most heavily armed Powers not to attack one another are not sufficient to prevent aggression. As experience has proven, peace is disturbed less often by the attack of one strong nation upon another strong nation than by the attack of a strong nation upon a weak and helpless one.

It is an obvious fact that the United States has no territorial ambitions anywhere. If we had had any aggressive design in the Far East we would not have agreed to surrender naval predominance and to withdraw from the Philippines and we would not have entered in 1922 into the Naval Treaty by which we undertook not to increase our fortifications in the Western Pacific. The aim to which the United States is dedicated is to be a good neighbor, respecting the rights of all nations both weak and strong, and to coöperate in the promotion of world peace and progress. No other country need fear any serious disagreement with us unless it disregards treaties to which we are a party and invades and impairs our rights.

As a result of my official service in the cause of disarmament, I am convinced that the method of the Washington Conference is the prototype for every effective effort to solve the armaments problem, whether on the sea, on land, or in the air. I do not imply that reduction of armaments is not in itself a vital factor in promoting and strengthening peace. From the beginning of the international disarmament movement, the United States Government, irrespective of the party in power, has been a consistent advocate of the thesis that limitation of armaments, followed by their proportionate reduction, generates a sense of security and fosters mutual trust and friendship. The primary purpose and advantage of disarmament is to increase confidence and security

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and to put a curb on aggression. The effect is more assurance of peace, less taxation and greater economic progress. Nevertheless, it is equally true that, without a foundation of international coöperation to remove the causes of political and economic conflicts and to assist in their settlement in an orderly way, no nation is willing to limit its armaments, not to speak of reducing them. Political and economic instability is the breeding ground of every armaments race.

The meagre results to date of the General Disarmament Conference at Geneva can be traced directly to the international political unsettlement that has held the nations of Europe in its grasp during the past years. But recently there has been manifest a definite trend towards finding a solution to the political problems of Europe through international collaboration, and the tension on the continent has been eased to a considerable degree by a series of interrelated steps effected through a spirit of mutual accommodation. Already there is a growing indication that the disarmament effort may be resumed shortly with renewed determination.

Thus in a different part of the world, and under vastly different circumstances, we are witnessing a demonstration of the essential truth wisely recognized and effectively applied at the Washington Conference, that there is no other path toward the limitation and reduction of naval or other armaments than by a frank facing of the political and economic problems disturbing the relations and hence the security of states. There is nothing in the Far Eastern situation essentially incapable of settlement by mutual collaboration. I am happy to see this view reciprocated by the Japanese Foreign Minister, who in his speech before the Diet on January 21 stated that "there exists no question between the two countries which is intrinsically difficult of amicable solution."

All the greater is the regret in this country that the Japanese Government should have considered it necessary or advisable to exercise its unquestionable right to denounce the Washington Naval Treaty. The present naval treaties represent the most successful of all efforts for disarmament. Whatever may be some of the objections to these treaties, the nations concerned can ill afford to forego the inestimable advantages which they have brought to each of them and to the world as a whole.

The coöperation of Japan with the other great naval Powers

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having special interests and responsibilities in the Pacific and the Far East is essential to the maintenance of peace. In fact, to strive through international coöperation to preserve peace and lessen the burden of armaments is in the interest of every Power and a worthy mission for any Power. The loss of so important a Power as Japan from a general accord would naturally be deplored.

But we should not be unduly disturbed by the present apparent deadlock or engage in loose talk of an impending naval race. The fleets of the principal naval Powers remain strictly limited by the present treaties until January 1, 1937. The London Treaty has, in fact, run only two-thirds of its course. If each people sincerely rules out of its consciousness all thought of aggression, and through its actions gives its partners in the treaty system convincing evidence of its pacific purposes, then there is no reason why during the period which remains an accommodation which maintains and even strengthens the sense of security of all cannot become an accomplished fact.

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